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State's Economy Still Recovering

The Commerce Department figure for inflation-adjusted gross national product in the third quarter of the year shows the national economy moving out of recovery into an expansionary phase. The preliminary 7.9 percent growth estimate for the July-September quarter brought real GNP to an all-time high, 1.9 percent above the previous peak reached two years ago.

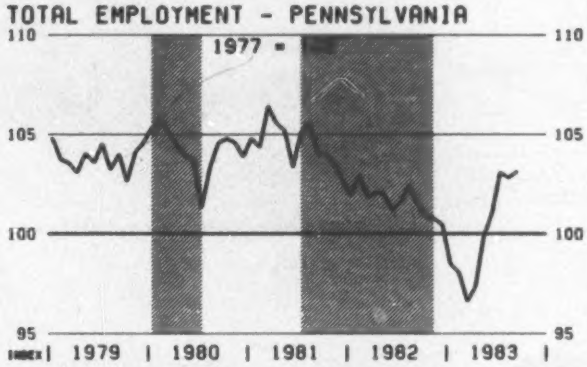
The Pennsylvania economy, on the other hand, must recover still more ground before expansion begins. While economic indicators in September show the state's economy steadily improving, it has a considerable way to go before pre-recession levels are attained.

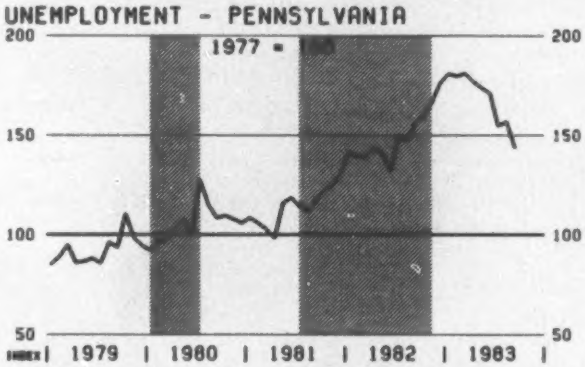
The seasonally adjusted level of total employment in the nation has been higher than the July 1981 level since June of this year while total employment in the state in October remained almost 1.5 percent below its level in the first month of the recession. The seasonally adjusted number of employed Pennsylvanians rose sharply from April through July but then leveled off just under the 5 million mark.

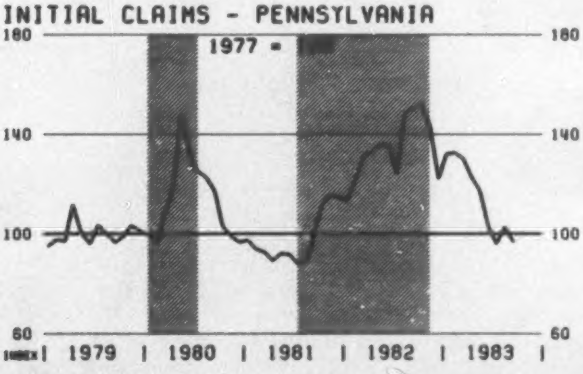
But unemployment continued to drop dramatically in Pennsylvania. The seasonally adjusted unemployment rate for the state fell a substantial 1.1 percentage points to 10.4 percent in September and another 0.5 percentage point to 9.9 percent in October while it slid from 9.5 to 9.3 and 8.8 percent nationally. The state's rate is 3.7 percentage points below the record high of 13.6 percent registered in January and compares to a total drop of 2 percentage points in the national rate from its high of 10.8 percent in December. Nevertheless, both national and state rates remained above pre-recession levels.

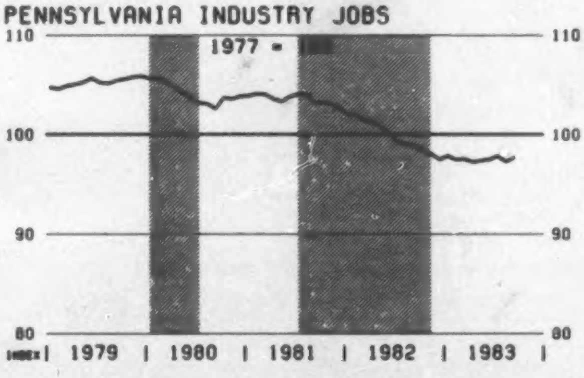
Job levels have also not yet regained pre-recession levels. September's job level for all nonagricultural industries in the nation was still 1.1 percent below the July 1981 level, and, in the state, it was 6.1 percent below its pre-recession level.

The differential rates of recovery between the nation and the state are clearly evident in this measure. While the nation has regained 64 percent of all nonfarm industry jobs lost during the recession, the state has


TOTAL EMPLOYMENT - PENNSYLVANIA


UNEMPLOYMENT - PENNSYLVANIA

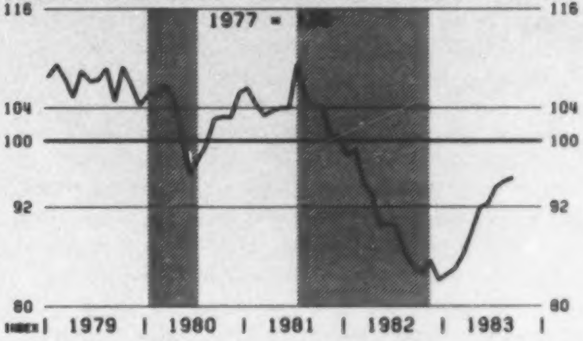

INITIAL CLAIMS - PENNSYLVANIA


PENNSYLVANIA INDUSTRY JOBS

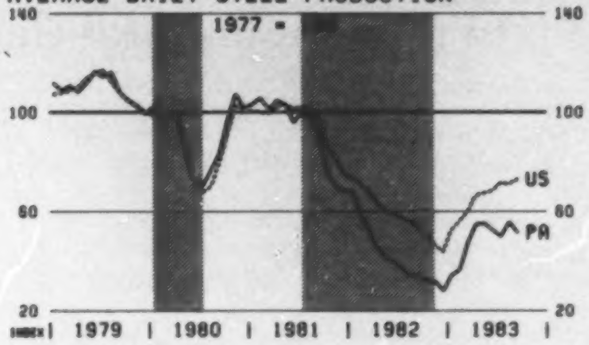
PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **November 1983**

INDUSTRIAL ELECTRIC POWER SALES - PA



AVERAGE DAILY STEEL PRODUCTION



regained less than 7 percent. Pennsylvania's total nonfarm industry job level has been fairly flat since the end of last year.

The manufacturing sector has been one of the weakest sectors. Only about 9000 jobs had been gained in the state by September after accounting for usual seasonal variation compared to the 223,000 jobs lost during the recession.

Pennsylvania's nonmanufacturing sector also showed little strength in employment in September. The seasonally adjusted job level in these industries rose 0.6 percent from the month earlier, but most of the rise was

Economic Activity in Pennsylvania	1983 Aug.	1983 Sept.	1982 Sept.	Seasonally Adjusted Indexes (1977 = 100) 1983 Aug.	Seasonally Adjusted Indexes (1977 = 100) 1983 Sept.	Seasonally Adjusted Indexes (1977 = 100) 1982 Sept.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,479.*	4,496.	4,540.	97.3*	97.7	98.9
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,353.*	3,373.	3,392.	103.9*	104.5	105.1
Manufacturing						
No. of wage and salaried jobs (thous.)	1,104.*	1,109.	1,143.	81.5*	81.4	84.1
Ave. wkly. hrs. worked by prod. workers	39.5*	40.0	37.8	100.1*	101.0	95.4
Total wkly. person-hours worked (mils.)	29.8*	30.4	29.4	77.4*	78.4	75.9
Total wkly. payroll (mil. dols.)	267.5*	274.7	255.4	118.9*	120.7	112.3
Steel production (thous. tons)	1,088.	1,056.	703.	56.	52.	34.
Industrial electric power sales (mil. kwh)	3,520.	3,571.	3,197.	95.	96.	85.
Mining						
Anthracite coal (thous. net tons)	449.	443.	340.	81.	92.	71.
Bituminous coal (thous. net tons)	5,820.	5,568.	5,924.	78.	72.	77.
Construction contracts awarded (mil. dols.)						
Total	557.2	482.7	422.1*	161.	151.	138.*
Residential building	245.5	221.5	145.1*	133.	124.	84.*
Other building	178.3	139.4	140.7*	150.	120.	118.*
Nonbuilding (utilities and public works)	133.3	121.9	136.3*	230.	251.	271.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,035.	4,964.	4,886.	102.8	103.1	101.5
Unemployed						
No. of persons (thous.)	610.	549.	601.	156.7	143.7	158.3
Rate (percentage of labor force)	10.8	10.0	11.0			
Rate, seasonally adjusted	11.5	10.4	11.4			
Civilian labor force, no. of persons (thous.)	5,645.	5,512.	5,487.	107.0	106.2	105.7
Initial claims for unemployment benefits	128,055.	114,341.	176,988.	102.8	96.7	150.6

Consumer Prices, all items	Urban Indexes (1967 = 100) 1983 Aug.	Urban Indexes (1967 = 100) 1983 Sept.	Urban Indexes (1967 = 100) 1982 Sept.	Percentage Change Month Ago	Percentage Change Year Ago
U.S. city average	300.3	301.8	293.3	+0.5	+2.9
Philadelphia	289.9	291.4	283.0	+0.5	+3.0
Pittsburgh	310.2	n.a.	291.4†	n.a.	+6.5
Northeast PA	n.a.	287.2	276.0	n.a.	+4.1

NOTES: Data on employment have been revised to first quarter 1982 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for Aug. 1982 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	Coincident	Leading	Coincident
February	95.4	82.9	−2.7	−1.8
March	98.4	83.7	+3.2	+0.9
April	100.2	84.1	+1.9	+0.6
May	100.5	85.6	+0.3	+1.7
June	101.6	86.5	+1.1	+1.1
July	101.8	87.7	+0.2	+1.3
August	101.8	87.4	0.0	−0.4
September	102.8	87.8	+0.9	+0.5

due to the return of approximately 14,800 striking communication workers.

Employment conditions in the state are expected to improve in the fourth quarter. Both the average length of the factory workweek and initial claims for unemployment compensation, which are leading indicators for employment conditions, improved in September.

Average weekly hours worked by production workers in the state's manufacturing sector rose to a seasonally adjusted 39.9 hours — its highest rate since September 1979 before the two recent back-to-back recessions. Therefore, any further increases in production should lead to higher job levels in the coming months.

Because of the increased hours, total factory payrolls rose 1.3 percent from a month earlier after adjustments for inflation and normal seasonal variation. But they remained 30 percent below the average level that prevailed in 1978-79.

The seasonally adjusted index for new unemployment compensation claims fell back down below the 1977 average for the second time in three months. This shows that the number of newly laid-off workers is small relative to recent experience.

Nevertheless, Pennsylvania continued to have the third highest insured unemployment rate among the states in the week ending September 24. The state's unadjusted rate of 4.3 percent compares to a national average of 2.8 percent. These rates do not reflect unemployed persons not eligible for benefits and those who have exhausted their benefits.

The state's economy as a whole has followed a general upward course since March. September's 0.5 percent rise in the composite index of coincidental indicators was the sixth rise in seven months. In August, the index dipped 0.4 percent.

September also registered the ninth consecutive monthly increase in the seasonally adjusted level of sales of electricity to industrial users, a measure which reflects short-run changes in industrial output. However, September's increase of 0.4 percent was the smallest in the nine months. The level of sales has risen 14.8 percent from December's low, but remains 12.6 percent below the July 1981 peak level.

Despite the overall growth in the state's economy, certain industry groups are still sluggish. For example, primary metals and mining remain mired down by recession cutbacks.

The average daily level of steel produced in the state fell a seasonally adjusted 7.9 percent in September from a month earlier while total national production rose 2.6 percent. This brought Pennsylvania's share of the U.S. total down to 14.8 percent from 15.4 percent a month earlier. Before the most recent recession, better than 20 percent of all steel mill products produced in the U.S. had come from Pennsylvania.

The state's mining industry group, whose fortunes are closely linked to those of the state's steel industry, is still producing at extremely low levels. However, the usual seasonal decline in the amount of anthracite coal mined did not take place in September. Therefore, the seasonally adjusted level rose a healthy 13.5 percent from a month earlier. In addition, the amount of bituminous coal mined in the state rose 13.4 percent in August but fell back 7.9 percent in September. No clear upward trend in this measure is evident.

The total value of contract construction awards fell back somewhat in September from a month earlier, but the year-to-date figure remained more than 3 percent ahead of last year's figure. September's decline came from residential and commercial building awards. The value of nonbuilding awards advanced slightly after seasonal adjustment.

In sum, the state's economy is continuing to recover from the recession although at a slower pace than the nation as a whole. But there is no reason to believe that it should not continue to improve in the next few months. The healthy 0.9 percent rise in the Pennsylvania composite index of leading indicators suggests that the recovery may even pick up this quarter.

— *Norma I. Gavin*

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Around the State

Southeastern Quarter

Harrisburg

The Harrisburg area economy continued to be one of the strongest among the state's metropolitan areas. The area's employed work force fully recovered its prerecession level and expanded in the July-September quarter. The 4.1 percent increase in the seasonally adjusted number of employed area residents brought the total to a level 1.9 percent higher than the previous peak in the first quarter of 1981.

At the same time, the number of jobless residents seeking employment fell substantially. The seasonally adjusted unemployment rate dropped 0.9 of a percentage point to 6.2 percent. Among the state's metropolitan areas, only Lancaster registered a lower rate.

Job levels also improved in the area. The seasonally adjusted level of jobs in all nonfarm industries rose for the second consecutive quarter. Third-quarter's 1.4 percent rise followed a 0.4 percent increase in the second quarter.

The manufacturing sector continued to dampen job totals. Although the number of factory jobs rose a seasonally adjusted 2.3 percent in the third quarter, it remained 8.9 percent below the 1979 average. Nevertheless, prospects for future job gains in the manufacturing sector are good because the factory workweek continued to lengthen last quarter.

The seasonally adjusted number of nonmanufacturing jobs rose a smaller 1.2 percent last quarter but was almost back up to pre-recession levels.

The improving but still depressed manufacturing sector in the Harrisburg area was also evident in sales of electrical power to area industries. Seasonally adjusted sales rose 3.5 percent last quarter but were still 12.4 percent below the average sales level in 1979.

Substantial gains were made in the value of contract construction awards in the Harrisburg area compared to values a year earlier. The nine-month total value of awards for residential building construction was 56 percent ahead of the year-earlier figure while the value for nonresidential building construction was more than double the 1982 figure.

Lancaster

The Lancaster area economy was recovering well last quarter, with marked gains in employment and with industrial electric power sales at levels above prerecession highs.

The seasonally adjusted number of employed area residents rose a substantial 3.6 percent after rising 1.9 percent the quarter earlier. Only in the first quarter of 1980 was the level of employment higher than last quarter's level.

In addition, Lancaster continued to have the lowest unemployment rate among Pennsylvania's 14 metropolitan areas. Last quarter, the seasonally adjusted jobless rate was 5.9 percent, down from 6.9 percent in the second quarter and a high of 8 percent in the first quarter.

The total factory job level rose 2.8 percent in the July-September quarter after seasonal adjustment but remained 10 percent below the 1979 average. Last quarter's employment gains were concentrated in the area's durable goods manufacturing industries.

The area's nonmanufacturing job level has remained fairly constant at about 94,000 workers since late 1979.

Further gains in the factory job level are suggested by the second consecutive quarterly gain in the length of the workweek. Last quarter, average weekly hours worked by production workers in the area's factories rose to its highest level since first quarter 1981.

Sales of electrical power to area industries suggest an expanding economy in the Lancaster area. Seasonally adjusted sales rose to a new high for the second

Harrisburg Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	231.1	113.	108.	106.
Unemployed, no. of residents	14.2	121.	136.	129.
Civilian labor force, no. of residents	245.3	113.	110.	111.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	222.7	106.	105.	106.
Nonmfg. only, no. of jobs	182.1	108.	107.	107.
Mfg. only, no. of jobs	40.4	99.	97.	99.
Hrs. worked by production workers in mfg., ave. weekly	40.0	101.	100.	98.
Industrial electric power sales	***	95.	92.	85.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Quarter Ago	Year Ago
Residential contracts only	31.9	+18.1	+85.5
Nonresidential bldg. contracts only	19.7	−31.8	+68.4

[1] Cumberland, Dauphin, and Perry Counties.

Lancaster Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	177.8	111.	107.	108.
Unemployed, no. of residents	10.2	129.	150.	158.
Civilian labor force, no. of residents	188.0	112.	109.	111.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	148.6	105.	104.	105.
Nonmfg. only, no. of jobs	93.3	111.	111.	110.
Mfg. only, no. of jobs	55.2	97.	94.	97.
Hrs. worked by production workers in mfg., ave. weekly	39.7	101.	99.	97.
Industrial electric power sales	***	114.	109.	97.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Quarter Ago	Year Ago
Residential contracts only	30.6	+ 1.3	+73.9
Nonresidential contracts only	4.3	−89.8	−54.7

[1] Lancaster County

consecutive quarter. Last quarter's 4.1 percent increase followed an 11 percent gain in the second quarter. The quarterly level of sales was 7.9 percent higher than the previous peak in third quarter 1981. The increases are due for the most part to the new Air Products and Chemical Industries plant.

In addition, the residential construction industry has made strong gains from a year earlier. The nine-month total value of awards was 77 percent ahead of the year-ago total.

However, the commercial construction industry in Lancaster remains depressed. The cumulative value of awards for nonresidential buildings in the first three quarters of the year was 60 percent behind last year's three-quarter total.

Philadelphia

More Philadelphians than ever before were employed last quarter, but job levels failed to register any appreciable gains.

The seasonally adjusted number of area residents employed in the third quarter rose 2.2 percent after rising 2.1 percent the quarter earlier. The third-quarter level was 0.4 percent higher than the previous quarterly high in the first quarter of 1981.

The third quarter also registered the second consecutive quarterly decline in the metropolitan area's jobless rate. The seasonally adjusted unemployment rate fell to 8.3 percent in the third quarter from 9 percent in the second quarter. A high of 9.3 percent was reached in the first quarter of the year.

At the same time, the job level in the area's manufacturing sector was essentially unchanged after seasonal adjustment. The factory job level has been flat since the beginning of the year, remaining 15.2 percent below the 1979 average.

The nonmanufacturing job level has also been flat throughout this year. The small job loss that took place in the first year of the recession was regained by the second half of 1982.

Philadelphia Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	2,063.6	108.	106.	106.
Unemployed, no. of residents	181.4	103.	112.	104.
Civilian labor force, no. of residents	2,245.0	108.	106.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	1,888.0	103.	103.	104.
Nonmfg. only, no. of jobs	1,497.5	109.	108.	108.
Mfg. only, no. of jobs	385.8	86.	86.	89.
Hrs. worked by production workers in mfg., ave. weekly	n.a.	n.a.	99.	97.
Industrial electric power sales				
Metropolitan area	***	100.	96.	94.
Chester	***	97.	94.	91.
Philadelphia	***	99.	97.	94.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Quarter Ago	Year Ago
Residential contracts only	232.2	− 3.9	+26.5
Nonresidential contracts only	265.5	+95.6	+54.0

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

However, sales of electrical power to Philadelphia area industries show an increased rate of industrial activity. The seasonally adjusted level of sales rose 3.9 percent last quarter, after rising 2.6 percent the quarter earlier, but remained 3.2 percent below their average level in 1979.

The value of contract construction awards also show increased activity in the area. The nine-month total value of awards for residential building construction was 47 percent ahead of last year's nine-month total. And, although the nine-month total value for nonresidential buildings was 9 percent behind last year's total, significant gains were made in the third quarter from levels in the second quarter and in the third quarter of last year.

Reading

The Reading area economy expanded last quarter. Both total employment and industrial electric power sales reached new highs while job levels improved significantly but remained below pre-recession peaks.

Total employment of area residents surged ahead 5.3 percent after seasonal adjustment. Last quarter's rise followed a 3.1 percent increase in the second quarter and brought the seasonally adjusted level to 1.9 percent above its previous peak reached two years ago.

The area's jobless rate also fell dramatically in the last two quarters. The seasonally adjusted rate fell from a peak level of 11.6 percent in the first quarter to 10.2 percent in the second quarter and 8.5 percent in the third quarter — the lowest rate registered since third quarter 1981.

The 10.4 percent increase in the seasonally adjusted level of sales of electricity to industrial users brought it just past the previous peak registered in the first quarter of 1979. Last quarter's rise was the third consecutive

Reading Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	149.8	110.	105.	106.
Unemployed, no. of residents	12.8	145.	176.	165.
Civilian labor force, no. of residents	162.6	112.	109.	110.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	135.3	103.	102.	102.
Nonmfg. only, no. of jobs	84.1	135.	104.	105.
Mfg. only, no. of jobs	50.9	100.	98.	97.
Hrs. worked by production workers in mfg., ave. weekly	40.2	103.	102.	97.
Industrial electric power sales	***	121.	109.	95.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Quarter Ago	Year Ago
Residential contracts only	17.9	−26.6	+101.1
Nonresidential contracts only	7.9	−57.1	+ 83.7

[1] Berks County

quarterly increase; sales have risen 28.7 percent since the fourth quarter of 1982.

Job levels in both the area's manufacturing and nonmanufacturing industries rose in the July-September quarter. The 2 percent increase in the seasonally adjusted factory job level was the third consecutive quarterly increase but left the level 7.3 percent short of the 1979 average.

Nevertheless, the length of the factory workweek rose above pre-recession levels in the third quarter, suggesting further increases in the manufacturing job level in the coming months.

The seasonally adjusted level of nonmanufacturing jobs rose 1.2 percent, regaining the losses of a quarter earlier. However, the job level in these industries remained 1.3 percent below the first-quarter-1981 peak.

Reading's construction industry also picked up. The nine-month total value of residential building awards was 90 percent more than last year's value while the nine-month total for nonresidential buildings was 66 percent ahead of last year's.

York

Although most economic indicators for the York metropolitan area show improvements in the third quarter, the area's economy remained the weakest among the metropolitan areas in the southeastern quarter of the state.

The seasonally adjusted level of employment rose 3.1 percent, after rising 2.2 percent in the second quarter, but remained 1.7 percent below the pre-recession high. The seasonally adjusted unemployment rate fell to 9.9 percent in the third quarter from 11.3 percent in the second quarter and a high of 12.9 percent in the first quarter of the year. The third-quarter rate was lower than the rates for most metropolitan areas of the state but was the highest among the metropolitan areas in the southeastern quarter.

The area's total nonfarm industry job level has been inching up since the beginning of the year. Last quarter's 0.5 percent increase followed gains of 0.1 percent in the second quarter and 0.3 percent in the first quarter.

All of last quarter's job gains came from the nonmanufacturing sector. The seasonally adjusted job level in these industries rose 1.4 percent, back up to its pre-recession level.

The second-quarter gain of 1.1 percent in the seasonally adjusted factory job level was lost as it dipped back down to first quarter's low in the third quarter. The job level in the area's manufacturing industries remained 14.5 percent below the 1979 average. The length of the factory workweek also remained below its 1979 average.

Industrial activity in the York area, as measured by sales of electrical power to industrial users, picked up momentum last quarter. The seasonally adjusted level of sales rose a strong 6.8 percent, after rising 5.4 percent a quarter earlier, but remained 11.6 percent below the 1979 average.

Construction activity in York remained lackluster. The cumulative value of construction contracts for residential buildings in the first three quarters was 14 percent ahead of last year's three-quarter total while the cumulative value for nonresidential buildings was less than half of last year's value.

York Area[1]

	Ave. mo. value 3 Q.'83	Average monthly index seas. adj. (1977 = 100) 3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	166.8	111.	107.	109.
Unemployed, no. of residents	17.5	176.	205.	206.
Civilian labor force, no. of residents	184.3	115.	113.	115.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	148.7	104.	104.	105.
Nonmfg. only, no. of jobs	91.0	111.	109.	110.
Mfg. only, no. of jobs	56.7	95.	96.	99.
Hrs. worked by production workers in mfg., ave. weekly	41.0	100.	100.	98.
Industrial electric power sales	***	98.	92.	87.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	22.6	− 5.8	−31.3
Nonresidential contracts only	9.4	+59.3	−29.3

[1] Adams and York Counties

Northeastern Quarter

Lehigh Valley

The third quarter marked strong gains in employment and in industrial activity in the Lehigh Valley metropolitan area. But economic indicators for the area still had not reached pre-recession levels.

The seasonally adjusted number of area residents employed last quarter rose 3.7 percent, after rising 1.9 percent the quarter earlier, but remained 4.5 percent below its peak in the first quarter of 1980.

In addition, the number of unemployed area residents dropped dramatically in the last two quarters. The seasonally adjusted unemployment rate fell from a monthly average of 13.5 percent in the first quarter to 12.6 percent in the second quarter and 10.9 percent last quarter.

At the same time, job levels rose in both the area's manufacturing and nonmanufacturing sectors. The seasonally adjusted level of factory jobs rose 1.3 percent from second quarter's low but remained 20.4 percent below the 1979 average. A related measure, the length of the factory workweek, was just short of its 1979 average after seasonal adjustment.

The seasonally adjusted job level in the area's nonmanufacturing sector rose a smaller 0.9 percent but was only 1.4 percent below the peak level registered in the third quarter of 1981.

Furthermore, last quarter marked the third consecutive quarterly rise in industrial electric power sales. The seasonally adjusted level of sales rose 4.5 percent in the third quarter and was 10.6 percent above the low registered in the fourth quarter of last year. Bethlehem city, which had registered the sharpest decline in sales, had regained more than 83 percent of the sales lost during the recession by the third quarter. Areawide sales remained 4.8 percent below the 1979 average.

The construction industry has made great strides so far this year in the Lehigh Valley area. The value of residential construction contracts in the first nine months of the year was almost two and a half times the value in the first nine months of last year. At the same time, the value of awards for commercial buildings was 30 percent above last year's value.

Northeast

The Northeast area economy continued to recover at a moderate pace in the third quarter.

The seasonally adjusted number of area residents employed in the July-September quarter was 3.3 percent higher than a quarter earlier. This increase was the second consecutive quarterly increase and brought the employment level to less than 1 percent below its previous peak level in the first quarter of 1981.

Concurrently, unemployment fell for the second consecutive quarter. The seasonally adjusted unemployment rate in the third quarter was 12.4 percent in Wilkes-Barre, 10.1 percent in Scranton, and 11.6 percent in the metropolitan area as a whole. The area's high was 12.5 percent registered in the first quarter of this year.

The number of nonfarm industry jobs rose a meager 0.2 percent after seasonal adjustment. This rise was due to a 1.5 percent increase in the seasonally adjusted factory job level. The seasonally adjusted job level in the area's nonmanufacturing industries fell a slight 0.3 percent.

Lehigh Valley Area[1]

	Ave. mo. value 3 Q.'83	Average monthly index seas. adj. (1977 = 100) 3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	281.8	101.	98.	101.
Unemployed, no. of residents	32.3	156.	184.	182.
Civilian labor force, no. of residents	314.1	105.	104.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	247.8	96.	95.	98.
Nonmfg. only, no. of jobs	159.1	107.	106.	107.
Mfg. only, no. of jobs	88.3	81.	80.	84.
Hrs. worked by production workers in mfg., ave. ***weekly***	38.3	100.	100.	98.
Industrial electric power sales				
Metropolitan area	***	105.	100.	96.
Allentown	***	99.	95.	95.
Bethlehem	***	110.	102.	95.
Easton	***	99.	110.	109.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	51.8	−15.5	+103.9
Nonresidential contracts only	54.2	+71.0	+208.0

[1] Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

Both the manufacturing and nonmanufacturing job levels remained below pre-recession highs. The factory job level was 15.9 percent below the 1979 average while the nonmanufacturing job level was 1.6 percent below its 1979 average and 2.2 percent below its peak reached in the first quarter of 1981.

The seasonally adjusted length of the factory workweek reached its highest level in almost 10 years in the second quarter and remained essentially unchanged in the third quarter. The long workweek should put pressure on employers to hire back workers in the coming months for any further increases in production.

Industrial electric power sales, which reflect short-run changes in industrial output, rose a seasonally adjusted 1.1 percent last quarter. Sales were 6.2 percent above the low reached in the fourth quarter of 1982 but remained 3.3 percent below the level of two years earlier.

Residential building construction in the Northeast metropolitan area has picked up considerable momentum from a year earlier, but nonresidential building construction continued to lag. The nine-month cumulative value of awards for residential building contracts was 82 percent more than the comparable value for 1982 while the cumulative value for nonresidential building contracts was 30 percent below last year's value.

Northeast Area[1]

	Ave. mo. value 3 Q.'83	Average monthly index seas. adj. (1977 = 100) 3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents				
Northeast metropolitan area	265.4	105.	102.	103.
Lackawanna County[2] only	94.4	105.	102.	103.
Luzerne County[3] only	142.2	105.	102.	103.
Unemployed, no. of residents				
Northeast metropolitan area	32.2	119.	130.	115.
Lackawanna County[2] only	10.2	107.	120.	104.
Luzerne County[3] only	19.6	129.	137.	118.
Civilian labor force, no. of residents				
Northeast metropolitan area	297.5	106.	104.	104.
Lackawanna County[2] only	104.6	105.	104.	103.
Luzerne County[3] only	161.8	107.	105.	104.
Local industries, Northeast metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	231.9	99.	98.	99.
Nonmfg. only, no. of jobs	169.9	104.	104.	104.
Mfg. only, no. of jobs	61.5	87.	86.	89.
Hrs. worked by production workers in mfg., ave. ***weekly***	37.7	104.	104.	101.
Industrial electric power sales				
Northeast metropolitan area	***	99.	98.	95.
Lackawanna County[2] only	***	96.	95.	95.
Luzerne County[3]	***	94.	92.	90.
Hazleton	***	85.	86.	86.
Wilkes-Barre	***	97.	92.	85.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	28.9	+ 4.0	+80.6
Nonresidential contracts only	23.8	+357.7	−31.4

[1] Lackawanna, Luzerne, and Monroe Counties

[2] Includes Scranton

[3] Includes Wilkes-Barre and Hazleton

Williamsport

The Williamsport area economy improved last quarter but gave one of the weakest showings among the economies of the state's metropolitan areas. Williamsport experienced the smallest percentage increase in total resident employment, and the number of nonfarm industry jobs in the area continued to decline from a quarter earlier. Total nonfarm job levels increased in all other metropolitan areas of the state, except Sharon, where it remained essentially unchanged after seasonal adjustment.

The seasonally adjusted number of area residents employed rose 2 percent in the third quarter, after rising 1.1 percent in the second quarter, but remained 5.8 percent below the 1979 average.

The seasonally adjusted unemployment rate for the area fell 1.2 percentage points to 14.3 percent in the third quarter. Although this drop was substantial, it was not as much as in other areas. As a result, Williamsport had the fourth highest rate among the state's metropolitan areas in the third quarter compared to the sixth highest in the second quarter. Pittsburgh and Erie now have lower rates; Johnstown, Altoona and Sharon all have higher rates.

The total nonfarm industry job level fell a seasonally adjusted 0.9 percent in the third quarter. The drop was due to a 2.2 percent decline in the seasonally adjusted factory job level. The job level in the area's nonmanufacturing sector was essentially unchanged after seasonal adjustment. The nonfarm total was 11.4 percent below its 1979 average.

On a more positive note, the factory workweek increased for the second consecutive quarter and was back up to its 1979 average in the third quarter.

Sales of electrical power to area industries also increased for the second consecutive quarter. Third quarter's 3.2 percent increase in the seasonally adjusted level of sales followed a 3.7 percent increase in the previous quarter. Nevertheless, they remained 10.4 percent below their 1979 average.

The area's construction industry has made considerable improvement this year. The value of residential building construction contracts in the first nine months of the year was more than double the value in the first nine months of last year, and the comparable figure for nonresidential buildings was 20 percent more than the year-earlier value.

Williamsport Area[1]

	Ave. mo. value 3 Q.'83	Average monthly index seas. adj. (1977 = 100) 3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	46.0	98.	96.	100.
Unemployed, no. of residents	7.2	161.	179.	134.
Civilian labor force, no. of residents	53.1	103.	103.	103.
Local Industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	42.8	93.	94.	97.
Nonmfg. only, no. of jobs	29.0	103.	103.	104.
Mfg. only, no. of jobs	13.6	76.	78.	86.
Hrs. worked by production workers in mfg., ave. *weekly*	39.3	101.	100.	102.
Industrial electric power sales	***	94.	91.	91.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	4.0	+ 2.6	+110.5
Nonresidential contracts only	6.9	+885.7	+ 16.9

[1] Lycoming County

Northwestern Quarter

Erie

The Erie area economy experienced some strong gains in the third quarter. But because economic activity was so severely curtailed during the recession, much more improvement is needed before we can confidently say recovery has taken hold in the area.

The seasonally adjusted level of total employment of area residents surged 4.3 percent ahead of its level a quarter earlier. The third-quarter rise was the second consecutive quarterly increase, following a 1.8 percent rise in the second quarter. Nevertheless, it remained 4.9 percent below the 1979 average.

At the same time, the seasonally adjusted jobless rate plummeted to 13.5 percent from 15.8 percent in the second quarter and its high of 16.4 percent in the first quarter.

Last quarter was the first quarter since the beginning of the recession that the seasonally adjusted job level in all nonfarm industries rose in Erie. The 0.9 percent rise in the total was due to a 1.3 percent increase in nonmanufacturing industry jobs. The factory job level rose only the usual seasonal amount.

The seasonally adjusted number of manufacturing industry jobs remained 22.6 percent below the 1979 average while nonmanufacturing industry jobs were 3.2 percent below their 1979 average in the third quarter.

The average length of the factory workweek has improved considerably this year. By the end of the third

Erie Area[1]

	Ave. mo. value 3 Q.'83	Average monthly index seas. adj. (1977 = 100) 3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	113.1	101.	97.	101.
Unemployed, no. of residents	16.5	189.	221.	166.
Civilian labor force, no. of residents	129.6	108.	106.	106.
Local Industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	105.1	95.	94.	97.
Nonmfg. only, no. of jobs	69.8	104.	102.	104.
Mfg. only, no. of jobs	34.9	81.	81.	87.
Hrs. worked by production workers in mfg., ave. *weekly*	41.1	101.	99.	97.
Industrial electric power sales	***	85.	77.	84.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	12.9	0.0	− 31.0
Nonresidential contracts only	11.0	+74.6	+134.0

[1] Erie County

quarter, it rose above the 1979 average. Thus, the area's factories are poised for job gains in the fourth quarter.

In addition, industrial electric power sales rose a strong 9.9 percent after seasonal adjustment. Last quarter's rise was the third consecutive quarterly rise and brought the job level up to its highest level since fourth quarter 1981. Nevertheless, sales remained 22 percent below their 1979 average.

Erie's residential construction industry was not posting the gains that other metropolitan areas were recording. The nine-month cumulative value of awards for residential building construction was just barely keeping up with last year's value. However, the value of nonresidential building awards in the first three quarters was 20 percent ahead of last year's value.

Sharon

The Sharon area economy remained mired down from recession cutbacks. Although improvements took place in total employment, industrial electric power sales, and residential construction activity, job levels and nonresidential construction continued to drag.

The most remarkable improvement in the area's economy in the third quarter was the steep 3.2 percentage point drop in the seasonally adjusted unemployment rate to 16.7 percent. The third-quarter drop followed a decline to 19.9 percent in the second quarter from the recession high of 21.2 percent in the first quarter. Nevertheless, Sharon maintained its position of having the second highest unemployment rate among the state's metropolitan areas. Only Johnstown's rate of 18.9 percent was higher.

The seasonally adjusted number of area residents employed rose 3.2 percent in the third quarter to its highest level in a year. Third quarter's increase followed a 1.9 percent increase in the second quarter.

Job levels were still heading down last quarter, but at a much reduced rate. Although the sharp decline in factory jobs was checked in the third quarter, another 0.7 percent of nonmanufacturing jobs was lost after seasonal adjustment.

Sharon Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	45.0	92.	89.	96.
Unemployed, no. of residents	8.7	214.	268.	212.
Civilian labor force, no. of residents	53.7	102.	103.	105.
Local Industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	39.2	86.	87.	93.
Nonmfg. only, no. of jobs	28.8	99.	100.	102.
Mfg. only, no. of jobs	10.4	64.	64.	77.
Industrial electric power sales	***	113.	106.	87.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	5.3	−33.8	+71.0
Nonresidential contracts only	6.1	+19.6	+60.5

[1] Mercer County

The seasonally adjusted factory job level was 38.5 percent below its 1979 average and the nonmanufacturing job level was 7.4 percent below its peak registered in the second quarter of 1981.

Sales of electrical power to area industries rose for the fourth consecutive quarter. The 6.7 percent increase in the seasonally adjusted level of sales brought the total increase to 30.5 percent from the low of a year ago. Nevertheless, it remained 5.8 percent below the peak level of two years ago.

As in other metropolitan areas, the residential building construction industry was picking up while the commercial building industry remained in the doldrums. The cumulative nine-month value of awards for residential buildings was ahead of the year-earlier figure by 71 percent while the comparable value for nonresidential buildings was 77 percent behind last year's value.

Southwestern Quarter

Altoona

The Altoona area economy made substantial advances in the third quarter although its manufacturing and construction industries continued to be mired down by recession cutbacks.

The seasonally adjusted level of total employment rose 3.8 percent in the third quarter after rising 1.3 percent in the quarter earlier. In addition, the seasonally adjusted jobless rate fell to 15.5 percent from second quarter's high of 17.5 percent. Nevertheless, total employment remained 7.5 percent below its 1979 average, and the area's unemployment rate continued to be the third highest among the state's metropolitan areas.

The total nonfarm industry job level regained the losses of a quarter earlier. The increase came solely from the area's nonmanufacturing industries. The overall

Altoona Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	50.4	94.	91.	90.
Unemployed, no. of residents	8.5	212.	248.	164.
Civilian labor force, no. of residents	58.8	103.	102.	100.
Local Industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	46.3	89.	88.	92.
Nonmfg. only, no. of jobs	35.1	91.	90.	93.
Mfg. only, no. of jobs	11.0	82.	83.	88.
Hrs. worked by production workers in mfg., ave. weekly	38.9	102.	100.	101.
Industrial electric power sales	***	78.	80.	78.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	7.1	+ 7.6	+136.7
Nonresidential contracts only	1.0	−54.5	− 85.9

[1] Blair County

job level in these industries rose 1.8 percent after seasonal adjustment but remained 11 percent below the 1979 average.

The factory job level rose only the usual seasonal amount in the third quarter. It remained 17.6 percent below the 1979 average.

Factory workers worked longer hours in the third quarter. The average length of the factory workweek rose for the second consecutive quarter but also remained below its 1979 average. Thus, employment conditions have a long way to recover before pre-recession levels are met.

The seasonally adjusted level of industrial electric power sales fell 3 percent last quarter. Sales were 7.8 percent above the low of fourth quarter 1982 and remained 26.9 percent below the 1979 average.

The construction industry in the Altoona area also remained lackluster in the third quarter. Although the value of residential contract construction awards in the first three quarters was 14 percent ahead of last year's value, the value of nonresidential contract construction awards was 55 percent behind the value in the same period last year.

Johnstown

The Johnstown area economy experienced the greatest percentage increases in factory job totals and industrial electric power sales among the economies of the state's metropolitan areas. But economic activity was so severely curtailed during the two recent back-to-back recessions that Johnstown still has a long way to go before recovery is complete.

Johnstown continued to have the highest seasonally adjusted unemployment rate among the state's metropolitan areas. However, the rate dropped significantly from a high of 23.5 percent in the first quarter to 18.9 percent in the third quarter.

The drop in unemployment in the area was accompanied by employment gains. The seasonally adjusted level of total resident employment rose 4.1 percent last quarter, after rising 2.7 percent in the previous quarter. Nevertheless, it remained 13.3 percent below the 1979 average.

Johnstown Area[1]

	Ave. mo. value 3 Q.'83	Average monthly index seas. adj. (1977 = 100) 3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	88.8	87.	84.	81.
Unemployed, no. of residents	19.2	180.	230.	162.
Civilian labor force, no. of residents	108.1	98.	100.	97.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	74.5	84.	83.	88.
Nonmfg. only, no. of jobs	61.8	93.	91.	94.
Mfg. only, no. of jobs	12.7	59.	56.	66.
Hrs. worked by production workers in mfg., ave. weekly	36.9	94.	91.	88.
Industrial electric power sales	***	91.	76.	102.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	22.3	+ [illegible].2	+81.3
Nonresidential contracts only	7.1	+10[illegible].3	−43.2

[1] Cambria and Somerset Counties

In addition, the third quarter marked the first quarterly rise in the nonfarm industry job level in two years. The seasonally adjusted factory job level rose a strong 5 percent while the nonmanufacturing job level rose 1.5 percent.

Nevertheless, job levels in both these sectors remained at depressed levels. The factory job level was 38.4 percent below its 1979 average, and the nonmanufacturing level was 12.4 percent below its 1979 average.

The length of the factory workweek rose last quarter to a seasonally adjusted 35.4 hours, which was well below the 39-40 hour average prevalent in the 1977-1979 period.

Industrial electric power sales rose a very strong 20 percent after rising 8.3 percent a quarter earlier but also was well below levels before the installation of Bethlehem Steel Corporation's electric furnace.

Finally, as expected, given the low level of industrial activity, commercial construction contracts were way behind last year's level. The value of awards in the first nine months of this year was 47 percent behind last year's nine-month total although there was a large gain in the third quarter.

At the same time, however, the residential construction industry had picked up. The cumulative value of awards for residential building construction was 55 percent ahead of last year's value.

Pittsburgh

Progress toward recovery was made in the Pittsburgh area economy in the third quarter of the year. But the gains were small compared to total losses during the recession.

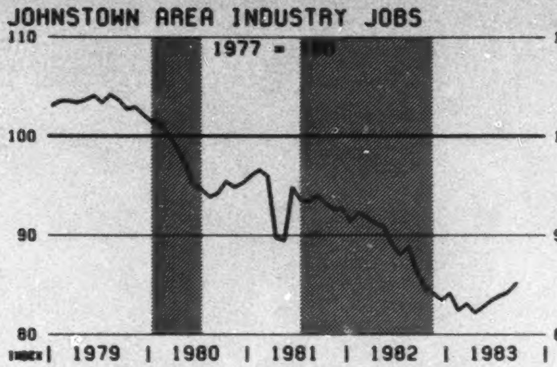
The seasonally adjusted number of area residents employed in the third quarter was up 3.5 percent from a quarter earlier but was still 6.9 percent below where it stood two years earlier.

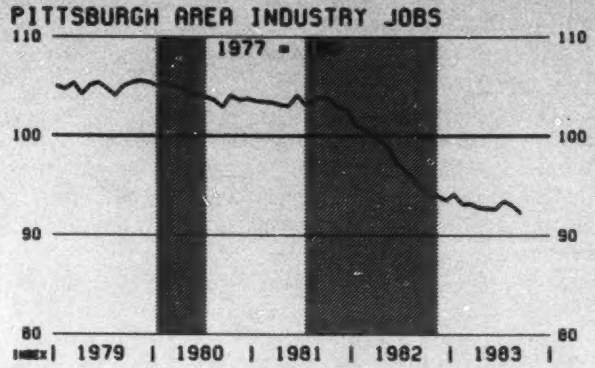
A dramatic decline in the seasonally adjusted jobless rate also took place in the third quarter. The rate dropped to 13.6 percent from 16.1 percent in the second quarter and a high of 16.3 percent in the first quarter.

At the same time, the factory job level continued to decline. But the seasonally adjusted 0.3 percent drop was small compared to the average quarterly drop of 5.1 percent in the preceding seven quarters. The Pittsburgh area has lost more than one-third of its manufacturing jobs in the two back-to-back recessions.

The factory workweek lengthened for the fourth consecutive quarter but remained below pre-recession levels. Thus, a little more slack must be reigned in before significant increases in job levels occur.

The level of nonmanufacturing jobs rose last quarter for the first time since fourth quarter 1981. However, the increase was a slight seasonally adjusted 0.3 percent. The job level in these industries remained 4.1 percent





below the peak in the first quarter of 1980.

Sales of electricity to industrial users fell back 1.4 percent last quarter after seasonal adjustment. The seasonally adjusted level of sales was 25 percent above the recession low in the fourth quarter of last year but remained 37.3 percent below the peak registered two years ago.

The construction industry was also showing some strength but not as much as in other areas of the state. Quarterly figures for the value of both residential and nonresidential building contracts were significantly above the figures for the same quarter last year, and the nine-month cumulative value of awards for residential building contracts was 25 percent ahead of the value for the same period a year ago, but the nine-month cumulative value for nonresidential building contracts was 9 percent behind last year's.

State College

The nonmanufacturing sector of the State College metropolitan area had fully recovered its pre-recession employment level by the third quarter and rose to a new high. But employment in the area's factories remained stuck at the bottom of the recession's trough.

Total employment of area residents jumped 6.5 percent after seasonal adjustment from its low in the first half of the year, regaining all recession losses in one quarter. At the same time, the seasonally adjusted jobless rate fell from a high of 11.8 percent in the first quarter to 9.8 percent — its lowest rate in a year.

The State College area experienced the highest percentage increase in total nonfarm industry jobs among the state's metropolitan areas last quarter. The nonmanufacturing job level rose a seasonally adjusted 3.2 percent from a quarter earlier, registering a new all-time high.

The factory job level was essentially unchanged after seasonal adjustment. The job level in the area's factories has remained about 13 percent below its peak level two years ago for the past 12 months.

Last quarter also marked the third consecutive increase in the seasonally adjusted level of industrial electric power sales. Sales rose 2.2 percent from a quarter earlier and were up 14.9 percent from the low in the fourth quarter of last year. But they remained 7.3 percent below the pre-recession high two years earlier.

The construction industry has been booming. The value of residential construction awards in the first nine months were more than double the value in the same period a year ago while the value of nonresidential construction awards were 74 percent more than last year's value.

— *Norma I. Gavin*

Pittsburgh Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	910.5	99.	96.	99.
Unemployed, no. of residents	138.3	216.	258.	212.
Civilian labor force, no. of residents	1,048.7	106.	106.	107.
Local Industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	851.7	93.	93.	98.
Nonmfg. only, no. of jobs	682.8	103.	102.	104.
Mfg. only, no. of jobs	167.4	67.	67.	74.
Hrs. worked by production workers in mfg., ave. weekly	39.7	98.	98.	92.
Industrial electric power sales	***	69.	70.	61.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	123.8	+ 5.7	+ 87.3
Nonresidential contracts only	148.9	+ 48.3	+ 103.4

[1] Allegheny, Beaver, Washington, and Westmoreland Counties.

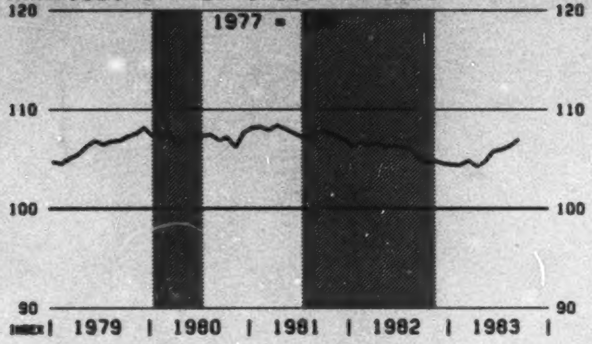
State College Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'83	3 Q.'83	2 Q.'83	3 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	46.9	114.	107.	109.
Unemployed, no. of residents	4.9	127.	222.	181.
Civilian labor force, no. of residents	51.8	118.	114.	114.
Local Industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	44.5	112.	109.	110.
Nonmfg. only, no. of jobs	37.4	112.	108.	109.
Mfg. only, no. of jobs	7.1	110.	110.	113.
Industrial electric power sales	***	96.	94.	85.

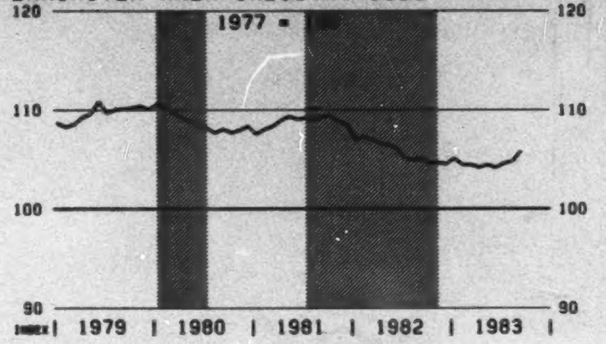
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	15.1	+ 18.0	+ 160.3
Nonresidential contracts only	6.9	− 23.3	+ 430.8

[1] Centre County

HARRISBURG AREA INDUSTRY JOBS



LANCASTER AREA INDUSTRY JOBS



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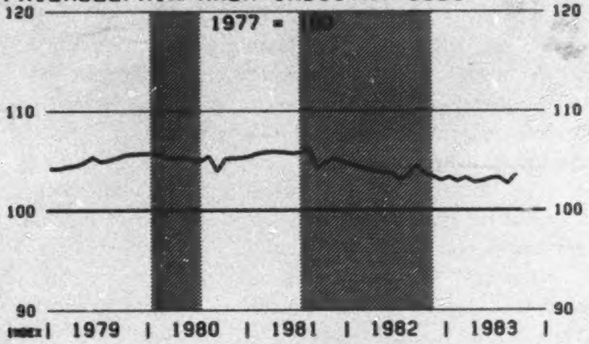
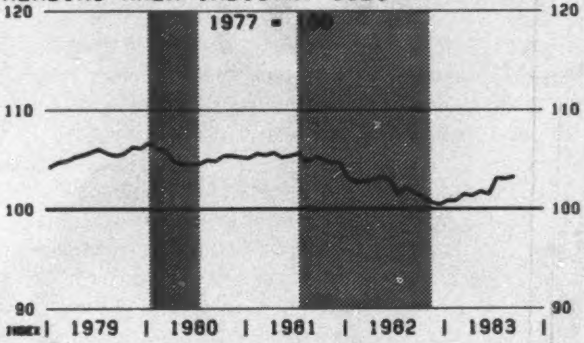
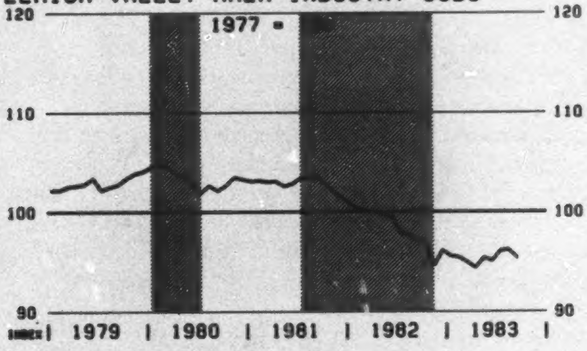


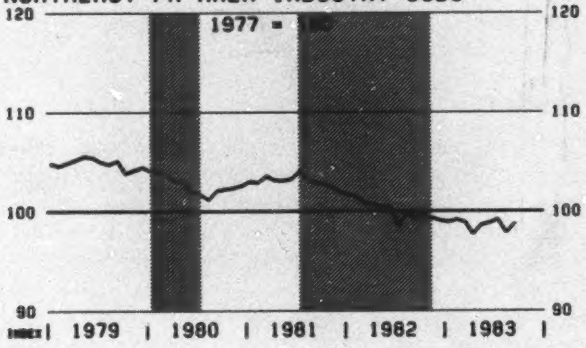
READING AREA INDUSTRY JOBS



LEHIGH VALLEY AREA INDUSTRY JOBS



NORTHEAST PA AREA INDUSTRY JOBS



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Pennsylvania Inching Toward Recovery

NC

The state's economy continued to make headway in October although there were further signs that the pace of the recovery had slowed.

The most prominent improvement was the 0.5 percentage point drop in the seasonally adjusted unemployment rate, which brought it to 9.9 percent of the civilian labor force. This was the first single-digit rate since December 1981.

However, unemployment rose again in November and the civilian labor force grew less than the usual seasonal amount. As a result, the seasonally adjusted jobless rate rose back up to 10.3 percent.

October also registered improvements in job levels. The 0.6 percent increase in the seasonally adjusted number of wage and salaried jobs in all nonfarm industries was the second consecutive monthly gain, following a 0.5 percent increase in September.

Many of the job gains occurred in the state's durable goods manufacturing industries. Job levels in these industries typically drop from September to October. Because this seasonal decline did not take place, the seasonally adjusted number of durable goods factory jobs was at its highest level in a year and October's increase was the largest monthly gain in three years.

Other economic indicators for the state in October were less encouraging. Nevertheless, overall they did show steady, though slow, movement toward pre-recession levels.

Total employment of Pennsylvania residents rose in October, but the 0.4 percent increase in the seasonally adjusted level was much smaller than the increases registered in the early months of the recovery. In November, it grew an even smaller 0.2 percent. The measure remained 1.3 percent below the level in July 1981, the first month of the most recent recession.

Furthermore, initial claims for unemployment compensation increased more than seasonally in October. Increases in new claims usually anticipate increases in unemployment. However, October's increase was relatively small and did not push the seasonally adjusted index for this measure above the 1977 average.

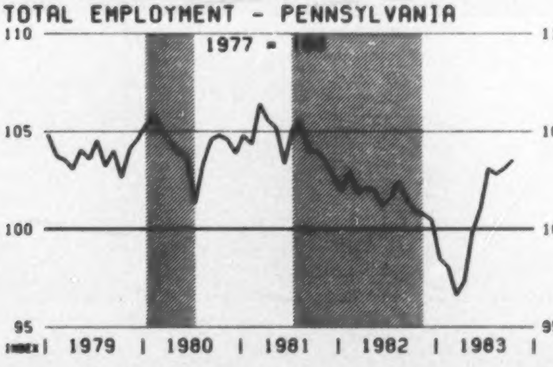
The increase in new claims and small declines in the two other components — the average length of the factory workweek and the value of residential contract construction awards — contributed to a 0.3 percent decline in the Pennsylvania composite index of leading indicators. The decline in the index was the first in eight months and may be only a correction of its strong showing in September. Nevertheless, it has been signalling a slowdown in the recovery since last July.

The composite index of coincidental indicators for the state rose a moderate 0.7 percent in October. The increase in total employment and the number of factory jobs contributed to the rise in this index while the third component, real weekly earnings of manufacturing production workers, was essentially unchanged.

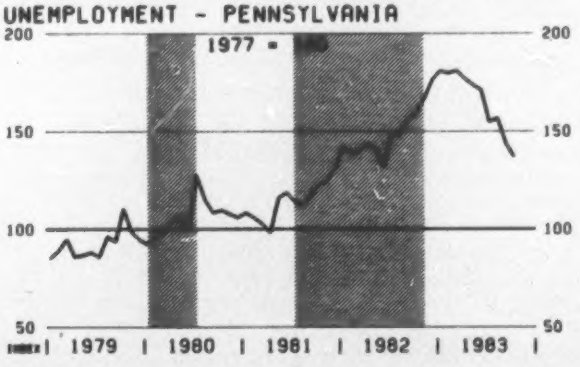
Although weekly earnings were unchanged, because of employment gains, total weekly payrolls for production workers in the state's factories rose 0.8 percent in October after adjusting for inflation and seasonal variation. The seasonally adjusted level of total real earnings has risen 12 percent from the low in February but remained 26.7 percent below the 1977 average.

The larger factory workforce was working a slightly shorter workweek in October. Average weekly hours worked by production workers dropped back 0.2 hour but remained in the range of historical averages.

The level of industrial electric power sales also suggest that, while employment levels improved, no great surge in industrial production occurred in October.



TOTAL EMPLOYMENT - PENNSYLVANIA



UNEMPLOYMENT - PENNSYLVANIA

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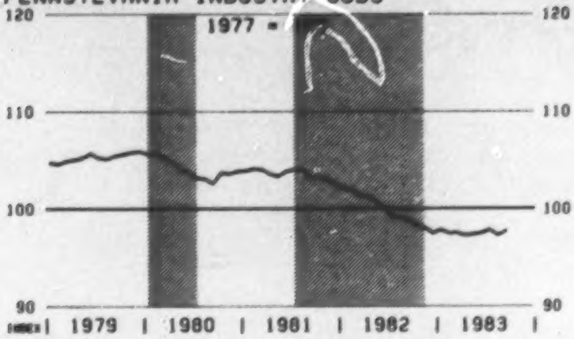
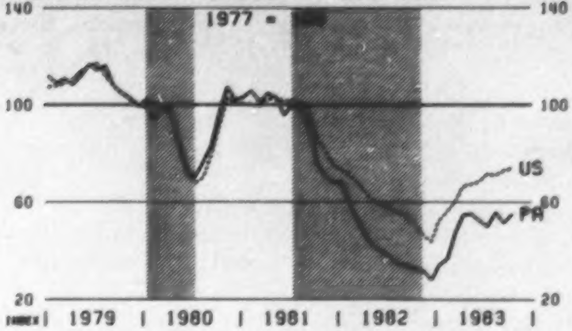
College of Business Administration The Pennsylvania State University December 1983

PENNSYLVANIA INDUSTRY JOBS



AVERAGE DAILY STEEL PRODUCTION



Sales of electrical power to industries in the state fell more than seasonally expected. The 1.6 percent setback in the seasonally adjusted level was the first decline in 10 months and represents a pause in the upward progress rather than a turnaround in the level of industrial activity.

The seasonally adjusted, average daily production of steel in the state rose 7.2 percent in October, regaining most of the momentum lost in the previous month but gained no new ground. Production was still just barely over half of historical levels.

Nationwide, steel production rose a smaller 1.2

Economic Activity in Pennsylvania	1983		1982	Seasonally Adjusted Indexes (1977 = 100) 1983		1982
	Sept.	*Oct.*	*Oct.*	*Sept.*	*Oct.*	*Oct.*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,491.*	4,524.	4,530.	97.8*	98.4	98.4
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,376.*	3,411.	3,404.	104.6*	105.1	104.9
Manufacturing						
No. of wage and salaried jobs (thous.)	1,109.*	1,110	1,119.	81.5*	82.3	83.0
Ave. wkly. hrs. worked by prod. workers	39.9*	39.7	38.2	100.8*	100.3	96.4
Total wkly. person-hours worked (mils.)	30.4*	30.3	28.9	78.4*	78.5	74.7
Total wkly. payroll (mil. dols.)	273.9*	273.6	249.6	120.4*	121.5	110.8
Steel production (thous. tons)	1,056.	1,167.	685.	52.	55.	32.
Industrial electric power sales (mil. kwh)	3,571.	3,511.	3,107.	96.	94.	84.
Mining						
Anthracite coal (thous. net tons)	433.	423.	387.	92.	79.	74.
Bituminous coal (thous. net tons)	5,568.	5,995.	5,657.	72.	77.	73.
Construction contracts awarded (mil. dols.)						
Total	482.7	397.5	331.4*	151.	122.	99.*
Residential building	221.5	196.9	143.0*	124.	123.	88.*
Other building	139.4	152.2	140.2*	120.	154.	134.*
Nonbuilding (utilities and public works)	121.9	48.4	48.1*	251.	71.	67.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,964.	5,038.	4,911.	103.1	103.5	100.9
Unemployed						
No. of persons (thous.)	549.	530.	620.	143.7	137.1	159.3
Rate (percentage of labor force)	10.0	9.5	11.2			
Rate, seasonally adjusted	10.4	9.9	11.6			
Civilian labor force, no. of persons (thous.)	5,512.	5,568.	5,531.	106.2	106.1	105.4
Initial claims for unemployment benefits	114,341.	123,845.	186,445.	96.7	98.9	151.6

Consumer Prices, all items	Urban Indexes (1967 = 100) 1983		1982	Percentage Change	
	Sept.	*Oct.*	*Oct.*	*Month Ago*	*Year Ago*
U.S. city average	301.8	302.6	294.1	+0.3	+2.9
Philadelphia	291.4	291.2	281.9	−0.1	+3.3
Pittsburgh	n.a.	313.7	300.7	n.a.	+4.3
Northeast PA	287.2	n.a.	276.0†	n.a.	+4.1

NOTES: Data on employment have been revised to first quarter 1982 benchmarks.

[1] Total includes workers on strike. * = figure revised † = figure for Sept. 1982 n.a. = data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
March	98.2	83.7	+3.2	+0.8
April	100.1	84.3	+1.9	+0.7
May	100.5	85.7	+0.4	+1.7
June	101.6	86.6	+1.1	+1.1
July	101.6	87.9	0.0	+1.5
August	101.7	87.5	+0.1	−0.5
September	102.6	87.9	+0.9	+0.5
October	102.3	88.5	−0.3	+0.7

percent on a seasonally adjusted, average daily basis, which brought Pennsylvania's share of total U.S. steel production up to 15.2 percent from 14.8 percent. This compares to a better than 20 percent share prevailing before the recession.

Anthracite coal production in the state lost some ground. The amount of anthracite coal mined dropped 2.3 percent in October when an increase is usually expected at that time of year. As a result, the seasonally adjusted index for this measure fell to 79 (1977 = 100) from 92 in September.

At the same time, however, the amount of bituminous coal mined continued to zigzag, rising a seasonally adjusted 7.7 percent, after falling 7.9 percent in September. No general upward or downward trend has been evident in this measure since the beginning of the year.

No production figures are available for the service-producing sector of the economy, which includes public utilities, wholesale and retail trade, government, and transportation, finance, and miscellaneous services industry groups. But available employment data do not suggest any strong gains in October.

The greatest percentage increases in the seasonally adjusted number of jobs from year-ago levels among these industry groups were the 1.9 percent increase in retail trade and the 1.1 percent increase in the finance, insurance, and real estate industries. Overall, the seasonally adjusted number of jobs in the service-producing sector was 0.7 percent higher than a year ago.

The state's construction industry continued to improve, but at a very modest pace. The number of construction workers employed rose a seasonally adjusted 3.7 percent in October but remained 8.1 percent below the year-earlier figure.

The value of total awards for future construction was brought down by utilities and public works construction, which was less than half of September's rather high level. The value of awards for commercial buildings rose 9.2 percent from a month earlier while the value of awards for residential buildings fell 11.1 percent. The cumulative value of total awards in the first 10 months of the year was 4 percent ahead of the value in the same period last year.

Finally, October's consumer price figures show a continuing moderation in the rate of inflation in both the nation and the state. However, over-the-year price increases were a little higher than the U.S. city average for Pennsylvania cities.

The all-urban consumer price index, which covers about 80 percent of the nation's population, rose 0.3 percent from September to 302.6 percent of its 1967 average and was up 2.9 percent from October of 1982. The comparable index for Philadelphia actually fell 0.1 percent in October from September but was 3.3 percent ahead of the year-ago figure. In Pittsburgh, consumer prices were an even higher 4.3 percent ahead of the level in October 1982, but this is much lower than the 7 to 11 percent over-the-year increases Pittsburgh experienced in the past year and a half.

— Norma I. Gavin

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Second Quarter Marks Strong Income Gains

Total personal income in Pennsylvania rose a substantial 2.4 percent in the second quarter after falling 0.1 percent in the first quarter.

Labor and proprietors' income grew a strong 3.2 percent. This was the largest quarterly gain since the fourth quarter of 1980. Increases were evident in all major industry groups, except the construction industries and the military.

Nationwide, total personal income grew a slightly smaller 2.2 percent in the second quarter and labor and proprietors' income was up 2.8 percent; only the mining industry group failed to generate more income than in the first quarter of the year.

Furthermore, nationally only the mining industries generated less income than a year ago among the major industry groups while, in the state, durable goods manufacturing industries also failed to meet year-earlier income levels.

Less income than last year was generated from dividends, interest, and rent in both the state and the nation while transfer payments were up 13 percent and 11.3 percent, respectively, from last year's levels.

— *Norma I. Gavin*

Personal Income by Major Source, Seasonally Adjusted at Annual Rates — Pennsylvania and the United States

	Pennsylvania			United States		
		Percentage Change			Percentage Change	
	1983 II (mil. dols.)	*Quarter Ago*	*Year Ago*	1983 II (mil. dols.)	*Quarter Ago*	*Year Ago*
Labor and proprietors' income by place of work	93,034	3.2	4.1	1,941,782	2.8	6.9
By type						
Wage and salary disbursements	78,199	2.8	2.9	1,642,184	2.4	5.4
Other labor income	9,265	4.4	6.2	170,004	3.5	9.4
Proprietors' income	5,570	7.2	20.2	129,594	8.2	24.0
By industry						
Farm	794	3.5	23.1	36,680	4.6	28.0
Nonfarm	92,240	3.2	4.0	1,905,102	2.8	6.5
Private	79,349	3.5	3.6	1,596,031	3.0	6.3
Ag. serv., for., fish., and other	232	0.4	13.7	8,271	1.0	12.4
Mining	1,472	9.9	-9.2	32,793	-0.8	-15.1
Construction	4,358	-2.3	1.2	104,300	4.6	7.8
Manufacturing	27,653	4.7	-1.6	463,592	3.2	3.1
Nondurable goods	10,076	3.5	5.5	173,873	2.6	6.0
Durable goods	17,578	5.4	-5.3	289,719	3.6	1.4
Transportation	7,057	2.8	0.3	150,404	2.1	4.1
Wholesale trade	5,622	2.9	3.7	131,285	2.4	4.5
Retail trade	8,435	3.0	7.4	183,940	2.4	7.5
Finance, insurance, and real estate	5,491	4.7	15.4	129,207	4.5	16.1
Services	19,029	3.1	10.4	372,240	3.1	10.2
Government	12,891	1.4	5.9	329,071	1.8	7.5
Federal, civilian	3,376	2.4	8.0	75,103	2.2	8.0
Federal, military	483	-4.0	-3.0	33,667	0.1	5.9
State and local	9,033	1.3	5.7	220,301	1.9	7.5
Total personal income	135,352	2.4	4.7	2,709,137	2.2	6.0
Nonfarm personal income	134,558	2.4	4.6	2,672,457	2.2	5.7
Net labor and proprietors' income[1]	86,468	3.2	4.2	1,823,103	2.9	6.9
Dividends, interest, and rent	23,332	0.0	-1.7	480,785	0.1	-1.2
Transfer payments	25,553	1.6	13.0	405,249	1.7	11.3

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, October 1983.

[1] Total earnings by place of work less personal contributions for social insurance and plus an adjustment for residence.

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Progress Prevalent in Pennsylvania Economy

November marked the first full year of recovery from the 1981-82 recession as laid down by the National Bureau of Economic Research, an organization that sets the official beginning and ending dates of business cycles. But while the nation as a whole has reached and exceeded pre-recession highs in many economic indicators, Pennsylvania still has a considerable way to go before meeting these goals.

Nevertheless, November's increases in manufacturing employment, industrial electric power sales, and steel production show substantial progress toward recovery in the state that month.

The seasonally adjusted factory job level rose 0.9 percent in November, following a 1.3 percent increase in October. It stood at its highest level since September 1982 but was still 14.5 percent below its level of July 1981, the first month of the recession.

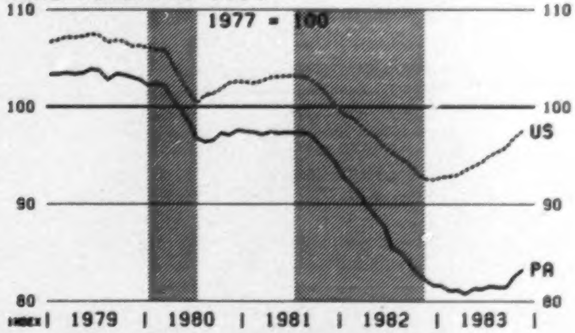
The larger work force brought the level of factory payrolls up a seasonally adjusted 1.5 percent to its highest level since February 1982. After further adjustment for inflation, the rise was still a substantial 0.9 percent. In addition, the seasonally adjusted number of person-hours worked by production workers in the state's factories rose a whole percentage point and was at its highest level in a year and a half.

Seasonally adjusted sales of electricity to industrial users rose for the tenth time in 11 months, registering its highest level in 21 months. November's 3.4 percent increase matched the increase in May and exceeded all other increases in the current recovery period.

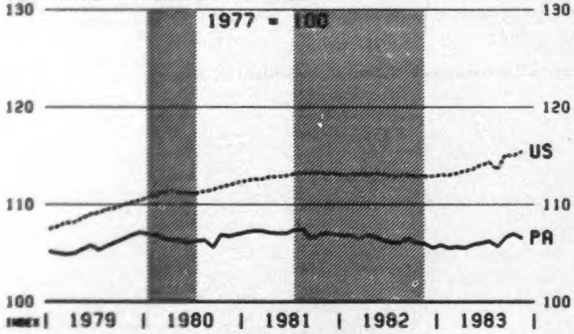
Much of the increase in the sales of electricity was due to the rise in steel production. The seasonally adjusted average daily production of steel in the state rose above 40,000 net tons for the first time since February 1982. Steel production rose sharply in the state in the first four months of the year but bounced up and down, gaining no new ground, from May to October. Whether November's 7.7 percent increase in this measure marks a break from the slump or whether production will bounce down again in the coming months will depend on the impact of the newly announced cutbacks by the U.S. Steel Corporation and the strength of the recovery in large structural steel products produced in many of the state's mills.

Steel production in the nation as a whole has risen more steadily since the end of last year although a significant slowing in the rate of increase has been evident since May. Pennsylvania's share of total national

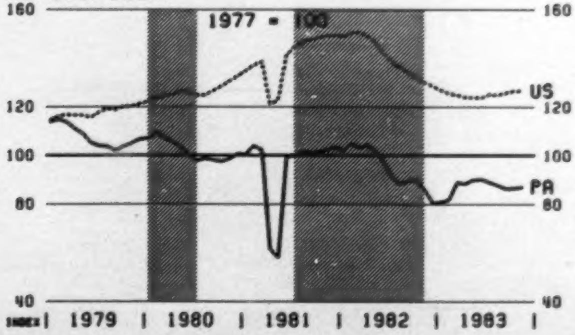
MANUFACTURING JOBS



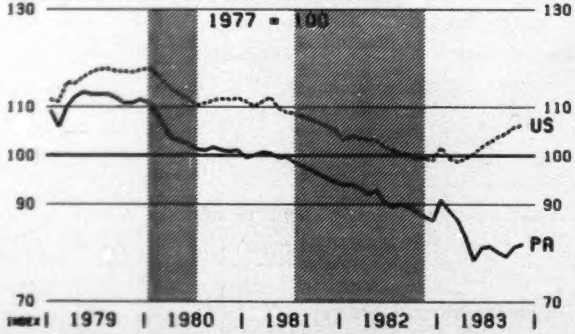
SERVICE-PRODUCING JOBS



MINING JOBS



CONTRACT CONSTRUCTION JOBS



PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **January 1984**

production rose to 16.8 percent in November from 15.2 percent in October, which is far above the August 1982 low of 12.1 percent but considerably less than the better than 20 percent share the state held throughout the 1970s. The seasonally adjusted level of production in the nation remained 27 percent below the July 1981 production level while the level in the state was 41 percent below its production level in the first month of the recession.

The nation as a whole has also fared better during the recession and the first year of recovery in terms of employment levels. The nation lost a smaller percentage of nonagricultural payroll jobs during the recession, started regaining jobs earlier, and has recovered a larger percentage of jobs to date than Pennsylvania. By the end of the first year of the recovery period, the seasonally adjusted number of wage and salary jobs in all nonfarm industries in the nation had climbed back up to the level registered in July 1981. In contrast, Pennsylvania's total nonfarm industry job level remained 5.3 percent below the seasonally adjusted level in the first month of the recession.

The nation's greater relative strength in employment compared to the state is evident in virtually all major industry groups. Nationally, the manufacturing job level has increased steadily since December 1982 while significant job gains in the state's factories occurred only in the last two months for which we have data. The service-producing sector of the national economy was essentially flat during the recession and has been rising to new heights since early this year. On the other hand, Pennsylvania lost approximately 56,000 jobs in service-producing industries during the recession and by November had regained only 55 percent of them. The recession also cut deeper into employment levels in the state's construction industries than in these industries nationwide. However, mining industries remained in a slump in both the nation and the state; very few jobs in

Economic Activity in Pennsylvania				Seasonally Adjusted Indexes (1977 = 100)		
	1983		1982	1983		1982
	Oct.	*Nov.*	*Nov.*	*Oct.*	*Nov.*	*Nov.*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,534.*	4,540.	4,519.	98.6*	98.6	98.1
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,418.*	3,418.	3,410.	105.3*	104.9	104.7
Manufacturing						
No. of wage and salaried jobs (thous.)	1,113.*	1,118.	1,105.	82.5*	83.2	82.3
Ave. wkly. hrs. worked by prod. workers	39.8*	40.2	38.5	100.5*	100.5	96.1
Total wkly. person-hours worked (mils.)	30.4*	31.0	28.7	78.8*	79.6	73.7
Total wkly. payroll (mil. dols.)	274.9*	283.5	249.6	122.1*	123.9	109.8
Steel production (thous. tons)	1,167.	1,224.	661.	55.	60.	32.
Industrial electric power sales (mil. kwh)	3,511.	3,515.	3,112.	94.	97.	86.
Mining						
Anthracite coal (thous. net tons)	423.	410.	347.	79.	74.	62.
Bituminous coal (thous. net tons)	5,995.	5,511.	5,337.	77.	73.	70.
Construction contracts awarded (mil. dols.)						
Total	397.5	411.7	351.2*	122.	127.	108.*
Residential building	196.9	194.3	128.5*	123.	142.	93.*
Other building	152.2	155.6	181.6*	154.	114.	146.*
Nonbuilding (utilities and public works)	48.4	61.8	41.1*	71.	115.	82.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,038.	5,051.	4,907.	103.5	103.7	100.8
Unemployed						
No. of persons (thous.)	530.	550.	644.	137.1	143.2	166.4
Rate (percentage of labor force)	9.5	9.8	11.6			
Rate, seasonally adjusted	9.9	10.3	12.0			
Civilian labor force, no. of persons (thous.)	5,568.	5,601.	5,551.	106.1	106.8	105.8
Initial claims for unemployment benefits	123,845.	137,199.	204,590.	98.9	98.5	143.7

Consumer Prices, all items	Urban Indexes (1967 = 100)			Percentage Change	
	1983		1982	*Month*	*Year*
	Oct.	*Nov.*	*Nov.*	*Ago*	*Ago*
U.S. city average	302.6	303.1	293.6	+0.2	+3.2
Philadelphia	291.2	291.7	282.9	+0.2	+3.1
Pittsburgh	313.7	n.a.	300.7†	n.a.	+4.3
Northeast PA	n.a.	288.5	279.4	n.a.	+3.3

NOTES: Data on employment have been revised to first quarter 1982 benchmarks.

[1] Total includes workers on strike. * = figure revised † = figure for Oct. 1982 n.a. = data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

these industries have been regained in the recovery to date.

Nevertheless, from the monthly survey of households conducted by the Census Bureau, we see that the great disparity in the rates of employment and unemployment between the state and the nation that developed during the recession has been narrowing since the end of the first quarter of 1983. The Pennsylvania economy would have to pick up considerably more momentum to close the gap altogether. This will not happen in the near future. But given the state's many assets, the long-term outlook is very promising.

In the more immediate time period, a continuing, though slower, recovery is expected. One measure that suggests this is the Pennsylvania index of leading indicators. This index rose a small 0.1 percent in November and fell 0.2 percent in October, compared to increases of 1 to 3 percent in the early months of recovery.

November's increase in new claims for unemployment compensation, which contributed a negative influence on the index, countered the positive influence of the rise in the value of awards for residential building construction contracts. The third component of the index, the average length of the factory workweek, was unchanged after seasonal adjustment.

The index of coincidental indicators, which rises and falls with current economic activity, rose in November for the eighth time in nine months. The 0.8 percent rise was still fairly strong but was weaker than increases in the earlier months of the recovery. All three components of the index — total resident employment, the number of manufacturing wage and salary workers, and real weekly earnings — contributed to the rise.

— Norma I. Gavin

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Employment Conditions Improve in Third Quarter

Adult White Males Show Largest Gains

Substantial gains were made in employment levels in the third quarter of last year as jobless rates fell. The improvement was evident for most major population groups, with adult white males experiencing the greatest increases.

Total employment in Pennsylvania rose a seasonally adjusted 3.1 percent in the third quarter, after rising an adjusted 2.1 percent in the second quarter from first quarter's recession low. At the same time, the seasonally adjusted unemployment rate fell back down to 11 percent, where it stood a year earlier, after reaching a high of 13.4 percent in the first quarter.

The disparity between the jobless rates for males and females narrowed. Nevertheless, male rates remained above female rates in the state, continuing the reversal in the historical tendency for males to experience less joblessness than females. The third quarter marked the eighth consecutive quarter of the reversal, which came about because more men than women are employed in jobs and industries — such as durable goods manufactures — that are the most sensitive to business cycles. These industries were especially hard hit during the most recent recession.

But while males had the greatest decreases in employment and the greatest increases in joblessness during the recession, they have also shown the greatest gains in employment and the greatest declines in unemployment during the recovery. The number of males employed in the state in the third quarter rose 7.2 percent from a quarter earlier while the number of females employed rose only 2.8 percent. In addition, the unemployment rate for men fell 3.3 percentage points from second quarter's rate while the rate for women fell only 0.4 of a percentage point. This left the male third-quarter rate below the year-earlier level while the female rate remained above its year-earlier level.

Nationally, most jobless rates were below year-earlier figures and employment levels exceeded not only levels of a year ago, but also pre-recession highs of third quarter 1981. (No employment levels in the state exceeded pre-recession highs, but the level for whites just matched the third quarter 1981 level.) Furthermore, the national jobless rate for males fell below the rate for females, giving further evidence of a return to more normal conditions in the U.S. as a whole.

Dark clouds in the employment picture continued to

Employment Data by Sex, Race, and Age — Pennsylvania and the United States

	Number Employed	Percent Change in Employment		Unemployment Rates			Labor Force Participation Rates		
	1983 III (in thousands)	Over Quarter	Over Year	1983 III	1983 II	1982 III	1983 III	1983 II	1982 III
Pennsylvania									
Total, seasonally adjusted	4,927	3.1	3.6	11.0	12.8	11.0	60.4	59.9	60.1
Total, unadjusted	5,017	5.3	1.0	10.5	12.7	10.6	61.2	59.6	60.7
Male	2,918	7.2	4.7	11.1	14.4	11.8	75.2	73.9	73.4
Female	2,099	2.8	−3.6	9.8	10.2	9.2	48.5	46.9	49.5
White	4,708	6.0	1.8	9.8	11.7	9.8	61.6	59.8	61.4
Black	283	−2.4	−11.8	21.2	25.4	20.5	54.9	56.7	53.0
16 – 19 years old	344	−6.5	−8.8	25.0	24.0	22.9	59.4	51.7	58.4
United States									
Total, seasonally adjusted	101,598	1.7	2.0	9.4	10.1	10.9	64.3	63.9	64.1
Total, unadjusted	102,936	2.9	2.1	9.1	10.0	9.7	64.9	63.9	64.7
Male	58,401	3.3	1.9	9.0	10.4	9.5	77.6	76.6	77.6
Female	44,534	2.4	2.3	9.3	9.5	9.9	53.5	52.5	53.2
White	90,693	2.7	1.9	7.8	8.7	8.5	65.1	64.2	65.0
Black	9,634	4.2	2.9	19.6	20.6	19.4	63.2	61.7	62.3
16 – 19 years old	7,324	15.4	−1.0	20.8	23.9	22.1	60.9	54.4	60.4

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor.

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.

hang over blacks and teenagers. In Pennsylvania, the employment level for blacks was 11.8 percent lower in the third quarter than in the same quarter a year earlier while the level for teenagers was 8.8 percent below the year-earlier figure. Jobless rates for both groups in the state exceeded 20 percent.

Nationally, 2.9 percent more blacks were employed in the third quarter of 1983 than in the same quarter of 1982, but 1 percent fewer teenagers were employed. The fewer teenagers with jobs was due to a smaller teenage population; labor force participation among this age group was essentially unchanged from a year earlier. Jobless rates for both groups nationally were approximately 20 percent.

—*Norma I. Gavin*

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1983 Year-end Review

In 1983, the Pennsylvania economy was marked by high unemployment, moderate inflation, and depressed but improving economic activity in many major sectors. The state's economy hit bottom at the end of the first quarter of the year, then experienced sharp increases in the second quarter and more moderate improvement in the last two quarters. In December, economic indicators for the state were little changed from a month earlier.

Further improvement in the state's economy is anticipated in 1984, but the pace of business activity is expected to continue to lag behind the national average.

Employment

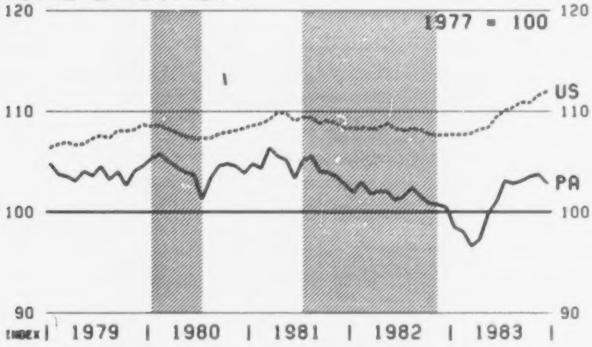
Fewer Pennsylvanians were employed on average in 1983 than in 1982 as the average number of unemployed state residents rose. The state's civilian labor force — the total of those working and those actively seeking work — was up only 0.2 percent.

The slight increase in the labor force last year compares to no growth in 1982 and to an average annual increase of 1.5 percent from 1972 through 1981. The easing in labor-force growth in the past two years reflects a combination of demographics, including the aging of the baby-boom generation and increased rates of retirement, slower growth in the overall population, slower increases in labor force participation by women, and a larger-than-expected number of workers who are too discouraged to return to the job market after the long, deep recession.

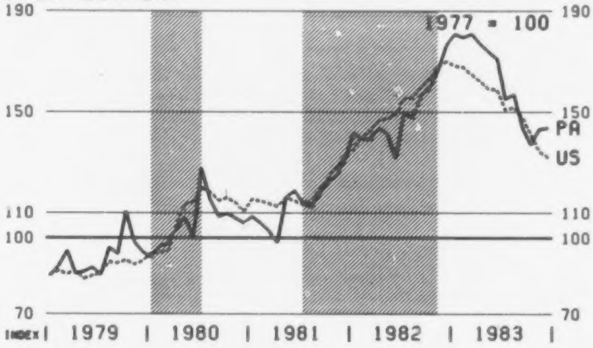
From August 1981 through March 1983, total employment in the state fell 8.5 percent. However, by July more than 72 percent of the drop had been regained. No further net gains were made in the second half of the year: the seasonally adjusted level of total employment fell 0.9 percent in December, erasing the gains of the previous three months.

A similar but reverse pattern was seen in the number of Pennsylvanians seeking work. The seasonally adjusted number of unemployed residents reached a high last March; fell sharply from April through October; and rose slightly in the last two months of the year. The seasonally adjusted unemployment rate was in double

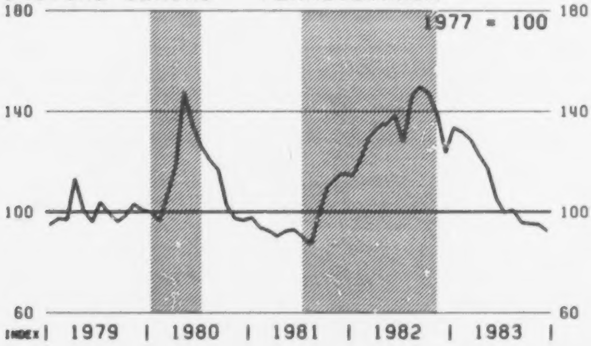
TOTAL EMPLOYMENT



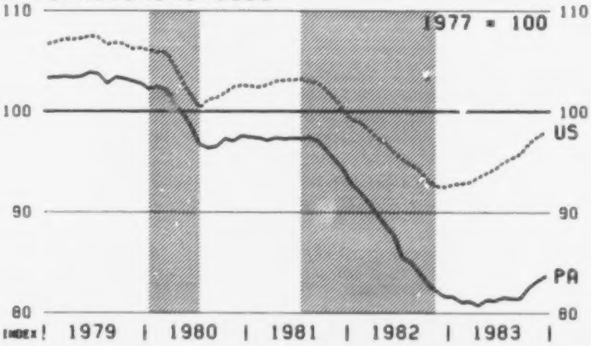
UNEMPLOYMENT



INITIAL CLAIMS - PENNSYLVANIA



MANUFACTURING JOBS



PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **February 1984** digits in every month of 1983, except October, when it was 9.9 percent.

The year ended with 10.3 percent of the civilian labor force unemployed, which is significantly less than the 13.6 percent rate prevailing at the beginning of the year. Furthermore, this January's 8.3 percent jobless rate shows the state starting out 1984 with the lowest seasonally adjusted rate since August 1981.

The lower rate in January was foreshadowed by December's less than seasonal increase in new claims for unemployment compensation. A rise of over 40 percent is typical for December, but last December they rose only 32 percent. This brought the seasonally adjusted index for this measure down to its lowest level since the first months of the recession.

The rise in total resident employment in 1983 was not matched by increases in payroll employment in nonfarm industries. The average annual job levels were lower last year than a year earlier in all major sectors, except retail trade; the finance, insurance, and real estate industry group; services; and the federal government. The discrepancy in employment growth rates between the resident and establishment surveys is due to measurement and coverage differences. For instance, there has been a large increase in self-employed workers, who are included in the resident survey but not in the establishment survey.

The latter survey shows that the usual slight seasonal decline in the number of employees on nonagricultural payrolls at year's end did not take place; the employment level in these industries remained at 4.54 million in December where it stood a month earlier. The seasonally adjusted number of employees on nonfarm payrolls was only 1.7 percent higher than the recession low registered in April. During the recession, there was a 6.5 percent drop in this measure.

Economic Activity in Pennsylvania	1983		1982	Seasonally Adjusted Indexes (1977 = 100) 1983		1982
	Nov.	*Dec.*	*Dec.*	*Nov.*	*Dec.*	*Dec.*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,543.*	4,543.	4,479.	98.6	98.9	97.5
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,421.*	3,421.	3,384.	105.0*	105.3	104.1
Manufacturing						
No. of wage and salaried jobs (thous.)	1,118.*	1,119.	1,092.	83.2*	83.7	81.7
Ave. wkly. hrs. worked by prod. workers	40.3*	40.2	38.7	100.8*	100.4	96.6
Total wkly. person-hours worked (mils.)	31.1*	30.9	28.4	79.8*	79.7	73.2
Total wkly. payroll (mil. dols.)	284.3*	285.0	251.6	124.3*	124.1	109.7
Steel production (thous. tons)	1,224.	1,166.	587.	61.	58.	29.
Industrial electric power sales (mil. kwh)	3,515.	3,476.	2,999.	97.	97.	83.
Mining						
Anthracite coal (thous. net tons)	410.	368.	410.	73.	80.	88.
Bituminous coal (thous. net tons)	5,511.	5,308.	5,394.	73.	74.	76.
Construction contracts awarded (mil. dols.)						
Total	411.7	455.5	311.7*	129.	161.	105.*
Residential building	194.3	167.2	106.6*	146.	153.	95.*
Other building	155.6	165.7	150.0*	115.	167.	137.*
Nonbuilding (utilities and public works)	61.8	122.6	55.1*	118.	168.	74.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,051.	4,934.	4,823.	103.7	102.8	100.5
Unemployed						
No. of persons (thous.)	550.	560.	691.	143.2	143.5	176.5
Rate (percentage of labor force)	9.8	10.2	12.5			
Rate, seasonally adjusted	10.3	10.3	12.6			
Civilian labor force, no. of persons (thous.)	5,601.	5,494.	5,514.	106.8	105.9	106.3
Initial claims for unemployment benefits	137,199.	181,414.	253,225.	95.2	92.5	123.6

Consumer Prices, all Items	Urban Indexes (1967 = 100) 1983		1982	Percentage Change	
	Nov.	*Dec.*	*Dec.*	*Month Ago*	*Year Ago*
U.S. city average	303.1	303.5	292.4	+0.1	+3.8
Philadelphia	291.7	291.8	281.6	0.0	+3.6
Pittsburgh	n.a.	314.3	302.1	n.a.	+4.0
Northeast PA	288.5	n.a.	279.4†	n.a.	+3.3

NOTES: Data on employment have been revised to first quarter 1982 benchmarks.

[1] Total includes workers on strike. * = figure revised † = figure for Nov. 1982 n.a. = data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Prices

Moderate price increases were prevalent in 1983. Philadelphia experienced a 3.6 percent increase in consumer prices between December 1982 and December 1983 while Pittsburgh had a 4 percent rise. These annual inflation rates compare to a 3.8 percent U.S. city average and were the lowest since 1972 when price controls were in effect.

The rate of inflation in consumer prices was even lower in the Northeast urban area, which had a 3.3 percent increase between November 1982 and November 1983. This was the smallest rise since 1976. December price data are not available for the Northeast.

The 1983 inflation rates were down from double digit highs registered in 1980. Philadelphia had a 12 percent increase in consumer prices that year, Pittsburgh had a 14.3 percent increase, and the Northeast a 13.8 percent increase. The U.S. city average percentage rise in 1980 was 12.4 percent. Inflation is expected to pick up in 1984 but to remain below half the size of these high 1980 rates.

Industrial Activity

Industrial activity, as reflected in sales of electricity to industrial users, did not pick up any momentum in December: the level of sales fell only the usual seasonal amount. At year's end, the seasonally adjusted level of sales was 16.5 percent higher than the recession low reached last December but remained 89.2 percent of the level of July 1981, the first month of the recession.

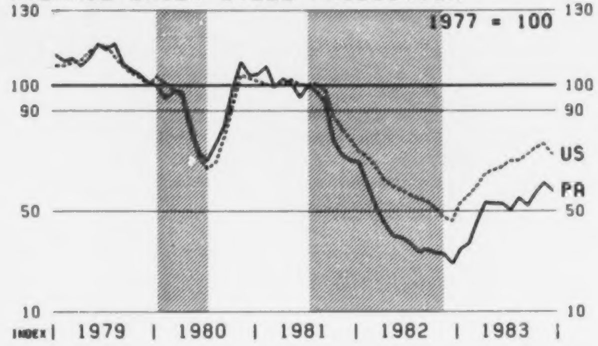
Although industrial electric power sales is one of the broadest measures of industrial activity that we have for the state, the more than 10 percent shortfall in the level of sales from their pre-recession peak may be understating the progress the economy made in the 1983 recovery period. This is because manufacturing industries, which are heavier users of electricity than industries in the service-producing sector, have lost some of their influence on the overall economy while the service sector's influence has grown.

The manufacturers of durable goods were especially hard hit during the recession, and many are not expected to return to pre-recession production levels. At the same time, the service sector has been growing and is expected to continue to grow. In the ten-year period from 1973 to 1983, the percentage of all nonfarm payroll jobs in Pennsylvania that were in the manufacturing sector fell from 32.8 percent to 24.5 percent while the percentage of these jobs in the service-producing sector rose from 61.6 percent to 71 percent.

The performance of each of the major sectors of the Pennsylvania economy in 1983 is discussed in turn below.

Manufacturing. Historically, Pennsylvania has had a higher percentage of jobs in manufacturing industries than the nation as a whole. The gap between the nation and the state has narrowed but is still evident. In 1983, average monthly payroll employment in the nation's manufacturing industries dropped less than 1 percent and accounted for one out of every five nonfarm industry jobs while in the state there was a 6 percent drop in employment in these industries, which included one out of every four nonfarm industry jobs.

AVERAGE DAILY STEEL PRODUCTION



Total factory person-hours worked and total factory payrolls in Pennsylvania also declined in 1983 while they increased nationwide. Furthermore, after adjusting for inflation and seasonal variation, payrolls in the state at the end of the year were still only about 83 percent of their pre-recession level.

The disparity between the impact of the recession and the pace of the recovery in the state's manufacturing industries compared to the nation's is due to the loss of Pennsylvania's comparative advantage in some heavy manufacturing industries.

For example, up until 1982, Pennsylvania was the leading steel-producing state. But in 1982 the state lost this distinction to Indiana and Ohio to become the third largest producer of steel. In 1983, Pennsylvania's share of total U.S. production rose to 15.6 percent from 14.9 percent a year earlier. But it still ranked third behind Indiana's 24.2 percent and Ohio's 17.5 percent and was significantly below the more than 20 percent share prevailing before the recession.

The plight of the state's steel industry is due to a combination of factors, including foreign competition spurred on over the years by falling shipping costs, rising labor costs in the U.S., and discoveries of raw materials in other parts of the world; changing

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technologies in the manufacture of steel, which do not rely as heavily on the iron ore and coal deposits that led to Pennsylvania's early dominance in the industry; and changing markets for steel, which has resulted from, among other things, the completion of the major highway systems in the U.S. and the reduced steel content of today's automobiles.

Although the state's steel industry will never hold the position in the state's economy that it has in the past, it is recovering some of the strength lost during the recession. The seasonally adjusted average daily production of steel in the state was 40,700 net tons at the end of 1983, which is twice the 20,400 net tons produced at the end of the preceding year. Furthermore, although the monthly average level of employment in the primary metals industry group was 13.4 percent lower than the previous year's average, it was 8.5 percent higher in December 1983 than it was in December a year earlier. Some further employment increases are expected in 1984 because the average length of the workweek in the state's primary metals industries in November and December at 41.1 hours was the highest it has been in four years. But the increases are not expected to be dramatic nor to bring employment back up to pre-recession levels.

Demand for steel used in capital goods, such as plates, bars, and structural steels, which are the primary products of the Pennsylvania steel plants, remains sluggish. Despite the substantial increase in spending on plant and equipment, demand for steel remains weak because the spending will not be as steel-intensive as it was only a few years ago. There is higher spending on foreign-made capital goods, greater use of substitutes, and a greater emphasis on improving productivity

Annual Review of Major Economic Indicators — Pennsylvania and the United States

	Pennsylvania			United States		
	1982*	1983*	Percentage Change	1982*	1983*	Percentage Change
No. of wage and salary jobs[p]						
All nonfarm industries	4,566	4,473	- 2.0	89,596	89,987	+ 0.4
Goods-producing industries	1,380	1,292	- 6.4	23,907	23,649	- 1.1
Mining	46	42	- 8.7	1,143	1,021	- 10.7
Construction	167	153	- 8.4	3,911	3,949	+ 1.0
Manufacturing	1,167	1,097	- 6.0	18,853	18,678	- 0.9
Durable goods	685	625	- 8.8	11,100	10,931	- 1.5
Primary metals	142	123	- 13.4	922	839	- 9.0
Nondurable goods	482	473	- 1.9	7,753	7,747	- 0.1
Service-producing industries	3,182	3,175	- 0.2	65,689	66,338	+ 1.0
Transportation and public utilities	248	241	- 2.8	5,081	4,943	- 2.7
Wholesale trade	239	234	- 2.1	5,280	5,231	- 0.9
Retail trade	731	734	+ 0.4	15,122	15,276	+ 1.0
Finance, insurance, and real estate	239	240	+ 0.4	5,340	5,456	+ 2.2
Services and miscellaneous	1,045	1,058	+ 1.2	19,064	19,685	+ 3.3
Federal government	133	135	+ 1.5	2,739	2,753	+ 0.5
State and local government	547	535	- 2.2	13,064	12,994	- 0.5
Ave. wkly. hours worked by production workers						
All manufacturing industries	38.4	39.2	+ 2.1	38.9	40.1	+ 3.1
Durable goods	39.1	40.3	+ 3.1	39.3	40.7	+ 3.6
Primary metals	37.1	39.5	+ 6.5	38.6	40.5	+ 4.9
Nondurable goods	37.4	37.9	+ 1.3	38.4	39.4	+ 2.6
Total factory person-hours worked *(mils.)*	30.6	29.3	- 4.1	497.7	509.7	+ 2.4
Total factory payrolls *(mil. dols.)*	264	263	- 0.4	4,231	4,506	+ 6.5
Steel production *(thou. tons)*	908	1,086	+ 19.6	6,075	6,948	+ 14.4
Industrial electric power sales *(mil. kwh)*	3,316	3,382	+ 2.0	62,070	64,088#	+ 3.3
Mining						
Anthracite *(thou. net tons)*[1]	382	333	- 12.8			
Bituminous *(thou. net tons)*	6,231	5,183	- 16.8	69,460	65,073	- 6.3
Construction contracts awarded						
Total, current dollars *(mils.)*	375.2	404.0	+ 7.7	13,020.0	16,062.6	+ 23.4
Residential building	126.5	184.3	+ 45.7	4,934.2	7,766.7	+ 57.4
Nonresidential building	147.9	138.0	- 6.7	4,966.2	5,158.7	+ 3.9
Nonbuilding (utilities and public works)	100.9	81.8	- 18.9	3,119.7	3,137.1	+ 0.6
Employed, no. of persons *(thous.)*	4,883	4,846	- 0.8	99,526	100,834	+ 1.3
Unemployed						
No. of persons *(thous.)*	599	649	+ 8.4	10,678	10,717	+ 0.4
Rate *(percentage of labor force)*	10.9	11.8		9.7	9.6	
Civilian labor force, no. of persons *(thous.)*	5,482	5,495	+ 0.2	110,204	111,550	+ 1.2
Initial claims for unemployment benefits *(thous.)*	190	156	- 17.6	2,525	1,924	- 23.8
Consumer Price Index for All Urban Consumers, all items (1967 = 100)						
U.S. city average				289.1	298.4	+ 3.2
Philadelphia	279.0	287.1	+ 2.9			
Pittsburgh	288.0	308.4	+ 7.1			
Northeast PA	273.8	283.1	+ 3.4			

* Average of monthly figures.

# Average of monthly figures for 10 months.

[1] Pennsylvania is the only state mining anthracite.

[p] Pennsylvania employment figures are based on preliminary data for December 1983.
U.S. employment figures are based on preliminary data for November and December 1983.

through the use of more electronic parts and fewer mechanical ones. Therefore, the primary metals industry group is not expected to account for much more than the 2.7 percent of all nonfarm industry jobs that it did in 1983 and is certainly not expected to regain the almost 5 percent share prevailing in 1973.

Other manufacturing industries have also been losing their foothold in the state's economy. Employment in durable goods manufactures other than primary metals dropped more than 24 percent in the past decade and accounted for 11.3 percent of payroll jobs in all nonfarm industries in 1983, down from 14.7 percent in 1973. Nondurable goods manufactures have lost one-fifth of their workers in the past decade, which has reduced their share of all nonfarm jobs from 13.2 percent in 1973 to 10.6 percent in 1983.

Mining. Pennsylvania's relative position in the nation's mining industry has been shrinking for an even longer time. However, the state's mining industries manifested more strength in the 1983 recovery period than mining industries nationwide.

The production of anthracite coal, which is mined exclusively in Pennsylvania, has steadily declined from 1917, when the nation depended on coal for nearly all energy and heat, through 1979, when it experienced a slight comeback but after which it began to decline again. Last year only 4 percent of the all-time high of almost 100 million tons was mined. Furthermore, although production trended upward thoughout 1983 and may continue to improve this year, anthracite coal, which was used primarily for home heating, will not regain its past glory.

The production of bituminous coal, which is used to produce heat for electric power plants and for certain manufacturing processes and to produce coke for the manufacture of steel, has increased significantly in the past two decades. However, because western coal is cheaper to extract, is closer to market growth, and is of a lower sulfur content and therefore less polluting when burned, Pennsylvania has lost market share to the western states. A high of 141 million net tons of bituminous coal was mined in Pennsylvania in 1943, which accounted for 24 percent of the 590 million tons mined in the nation that year. Last year, the state produced only 62 million net tons or 8 percent of the 781 million net tons produced nationally. The state's production was down 16.8 percent in 1983 from a year earlier while total national production declined only 6.3 percent.

Nevertheless, employment in mining industries showed greater strength in the state than in the nation last year. The average monthly job level in Pennsylvania's mining industries in 1983 was 8.7 percent below its year-earlier level. At year's end, nearly 40 percent of the mining jobs in the state lost during the recession had been regained. In comparison, average payroll employment in mining industries nationwide dropped 10.7 percent in 1983 from the 1982 level, and by year's end only 15 percent of the jobs lost during the recession had been regained.

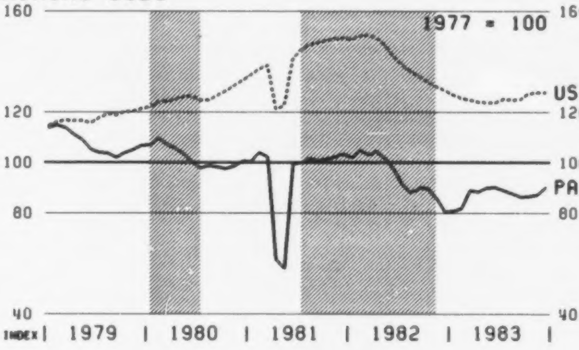
Moderate increases in production and employment in this sector are expected for 1984. The industry's performance depends on such factors as national policies on acid rain and other environmental matters; the small projected increase in demand from the steel industry as the industry contracts and technology improves the efficiency of steel-making processes; moderate anticipated increases in demand from other manufacturing industries and electric utilities; and continued weakness in the demand for exports from their 1981 record high.

Construction. Activity in Pennsylvania's construction industries also remained sluggish last year, lagging behind the national recovery in this industry group. The state's average monthly level of payroll employment in construction industries in 1983 was 8.4 percent lower than the average level for 1982 while the national average last year was 1 percent higher than the year-earlier figure.

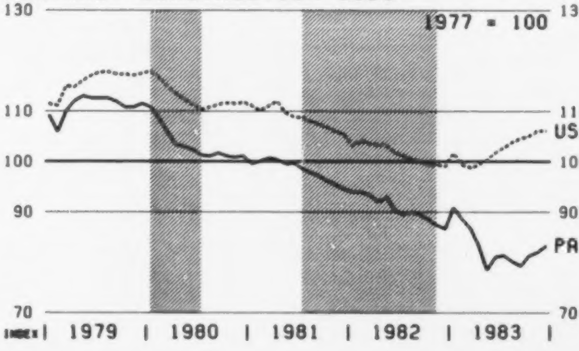
Furthermore, while the value of contract construction awards in the state last year was 7.7 percent ahead of the value a year earlier, this compares to an increase of 23.4 percent in the nation as a whole.

All of Pennsylvania's increase in the value of awards came from residential building contracts, which rose 45.7 percent in value from a year earlier. The value of nonresidential building awards were 6.7 percent lower than the 1982 value while the value of nonbuilding awards, which includes utilities and public works construction, was 18.9 percent lower. Residential building awards accounted for nearly 46 percent of the

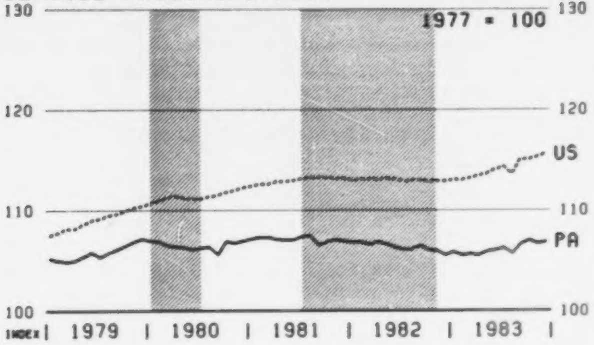
MINING JOBS



CONTRACT CONSTRUCTION JOBS



SERVICE-PRODUCING JOBS



value of all awards in 1983 while in 1982 they accounted for only one-third.

Building activity was more brisk in the eastern half of the state than in the western half. The value of contract construction awards in 1983 was 3 percent lower than a year earlier in the western part of the state, which includes Altoona, Erie, Johnstown, Pittsburgh, and Sharon. In the eastern half of the state, which includes the other nine major metropolitan areas, the value of awards was 14 percent ahead of the year-earlier figure.

The outlook for construction industries depends on the level of interest rates. In 1984, rates are expected to remain stable. Therefore, steadily improving conditions can be expected at least through the end of the year. However, the nation will probably continue to lead the state and the eastern half of the state to lead the western half as the economy in this region undergoes structural adjustments.

Services. The service-producing sector fared much better than the goods-producing sector the past few years, as is typical in cyclical downswings. In 1983, the state had only a slight drop of 0.2 percent from a year earlier in the average monthly level of employment in this sector, which includes such diverse industries as transportation and public utilities; wholesale and retail trade; finance, insurance, and real estate; government; and miscellaneous services.

A statewide drop of only 1.3 percent in the employment level took place in these industries during the recession, and almost 70 percent of these jobs were regained by the end of last year. In addition, employment in federal government and the finance, insurance, and real estate and the miscellaneous service groups have reached pre-recession highs.

As in the goods-producing industries, progress in the state in these industries has lagged behind that in the nation as a whole. However, the pattern of growth in this sector projected for the nation by the Bureau of Labor Statistics (BLS) should be pretty much the same for the state.[1] Their projections are summarized below.

* BLS projects that the miscellaneous service sector will provide the most new job opportunities over the next decade and a half, with these jobs spread among various industries, from health services to business and professional services to amusements and recreation.

Health services is a very significant sector in terms of both number of jobs and rate of expansion. In January of this year, there were 370,500 payroll employees in Pennsylvania's health services industries, which accounts for 9.7 percent of all nonfarm, nongovernment jobs in the state. This is up from 8.3 percent just three years ago.

Demand for medical care services is expected to increase as the population ages and as new technologies are introduced. However, because of sharply increasing costs, it is expected that the growth in output and employment in health care services will slow from historical rates.

BLS predicts business services to experience the most rapid growth between 1982 and 1995. This industry, which includes personnel supply, business consultants, janitorial and protective services, and computer and data processing services, is currently the fourth largest employer in the state. Only health services, eating and drinking establishments, and wholesale trade of durable goods employ more workers. Business services account for 3.8 percent of all nonfarm, nongovernment jobs in Pennsylvania, up from 3.4 percent in early 1981.

Educational services are also expected to experience a slight upturn in employment beginning in 1984 as the children of the baby-boom generation advance through school. This service industry currently accounts for 3.3 percent of nonfarm, nongovernment jobs in Pennsylvania up from 2.7 percent three years earlier.

* Employment in wholesale and retail trade is expected to grow along with the rest of the economy, at a slower than historical rate. According to BLS projections, the largest number of new job openings in retail trade will be in eating and drinking establishments, which currently account for 5.8 percent of nonfarm, nongovernment jobs in Pennsylvania, up from 5 percent in early 1981.

* Employment growth in financial and banking services is expected to be modest while large gains in the industry's output is predicted. Automatic teller machines and computerized banking and stock transactions will limit job gains.

* Transportation, communications, and public utilities are also not expected to contribute significantly to overall job growth. However, output of this sector is projected to lead all other sectors in growth, reflecting the strong demand for new telecommunication services, as well as the divestiture of the telephone company.

— Norma I. Gavin

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[1] Valerie A. Personick, "The Job Outlook Through 1995: Industry Output and Employment," *Monthly Labor Review*, vol. 106, no. 11 (November 1983), pp. 24-36.

Around the State

Southeastern Quarter

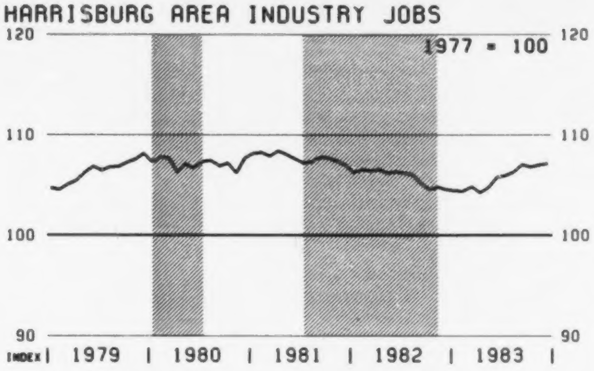
Harrisburg

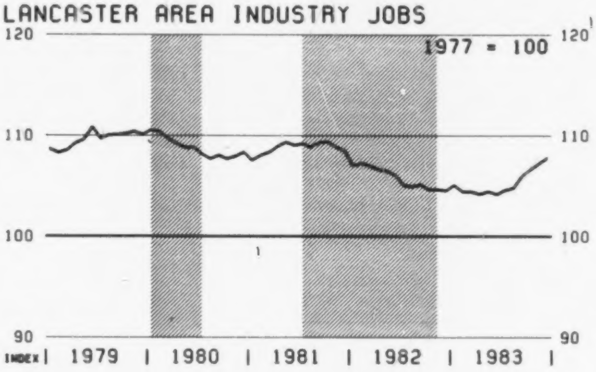
Compared to other metropolitan areas, the Harrisburg area proved to have one of the most stable economies in the state. The area had virtually the same annual average nonfarm industry job level in 1983 as it did in 1982, whereas all the other metropolitan areas in the state, except Reading, lost jobs. Furthermore, Harrisburg had the state's second lowest average monthly unemployment rate for the year.

Government and service industries are the predominate employers in the area. These industry groups are typically the least sensitive to business cycle swings and therefore are primarily responsible for the area's stability. However, Harrisburg's manufacturing industry has also fared relatively well throughout the recession and sustained only minimal losses during the year.

The average length of the factory workweek increased moderately this year, finishing the fourth quarter slightly above 40 hours a week. A slight increase was also seen in sales of electric power to industrial users, a short-run indicator of increases in industrial output.

The area's construction industry also showed improvement in 1983. The value of contracts awarded for nonresidential buildings rose sharply during the fourth quarter and increased 9 percent for the year. The value of residential contracts increased 46 percent from the 1982 level.





Lancaster

The Lancaster area economy showed improvements in the final quarter of 1983 from the third quarter of the year and fared well last year on average compared to other metropolitan areas in the state. The area's 6.6 percent annual average unemployment rate in 1983 was the lowest among the state's metropolitan areas.

Job levels in both manufacturing and nonmanufacturing industries rose during the fourth quarter, as did the average length of the factory workweek. In addition, although the average factory job level dropped 2.3 percent from 1982 to 1983, only two areas in the state — Reading and Harrisburg — showed stronger manufacturing employment levels.

Industrial electric power sales, which reflect short-run changes in industrial output, increased sharply from 1982 levels.

The area's construction industry has also shown signs

Harrisburg Area[1]

	Ave. mo. value 4 Q.'83	Average monthly index seas. adj. (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	229.3	113.	113.	109.
Unemployed, no. of residents	13.9	122.	121.	144.
Civilian labor force, no. of residents	243.2	114.	113.	111.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	223.1	107.	107.	105.
Nonmfg. only, no. of jobs	182.3	108.	108.	106.
Mfg. only, no. of jobs	40.7	102.	99.	97.
Hrs. worked by production workers in mfg., *ave. weekly*	40.1	101.	101.	98.
Industrial electric power sales	***	93.	92.	76.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	20.7	− 35.1	+16.9
Nonresidential bldg. contracts only	45.8	+132.5	−17.8

[1] Cumberland, Dauphin, and Perry Counties.

Lancaster Area[1]

	Ave. mo. value 4 Q.'83	Average monthly index seas. adj. (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	179.4	113.	111.	108.
Unemployed, no. of residents	13.7	126.	129.	170.
Civilian labor force, no. of residents	189.4	113.	112.	111.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	152.6	107.	105.	105.
Nonmfg. only, no. of jobs	97.0	113.	111.	111.
Mfg. only, no. of jobs	55.6	98.	97.	95.
Hrs. worked by production workers in mfg., *ave. weekly*	40.7	101.	101.	96.
Industrial electric power sales	***	116.	113.	95.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	32.8	+ 7.2	+73.5
Nonresidential contracts only	3.6	−16.3	−52.0

[1] Lancaster County

of improvement. The value of residential construction contracts rose 7.2 percent during the fourth quarter of 1983, and the annual total was 77 percent higher than the 1982 total. However, the value of contracts awarded for nonresidential buildings fell 16.3 percent in the fourth quarter and the annual total for 1983 was 60 percent below the 1982 value.

Philadelphia

The Philadelphia area economy ended the year on an upbeat note. The average nonfarm industry job level fell less than 1 percent in 1983 from its 1982 level. Only the Reading and Harrisburg areas fared better in this measure.

In addition, Philadelphia's average jobless rate in 1983 remained essentially unchanged from 1982 at 8.5 percent of the work force. The jobless rate steadily improved over the year, falling from a high of 9.3 percent in the first quarter to 7.7 percent in the fourth quarter.

Although the area experienced some job losses in manufacturing industries, jobs were gained by the nonmanufacturing sector. Job losses occurred primarily in durable goods production.

Philadelphia's construction industry showed signs of recovery in 1983, with the value of contracts awarded for both residential and nonresidential buildings up from 1982 levels. Residential building awards were up 61 percent while nonresidential building awards were up only 7 percent.

The average length of the factory workweek increased moderately during the year to just above 40 hours in the fourth quarter. Sales of electric power to area industries also rose, indicating short-run improvements in industrial output.

	Altoona		Erie		Harrisburg		Johnstown	
	1983*	Percentage Change 1982-1983	1983*	Percentage Change 1982-1983	1983*	Percentage Change 1982-1983	1983*	Percentage Change 1982-1983
Local Industries								
No. of wage and salary jobs *(thous.)*[p]								
All nonfarm industries	45.6	− 3.2	105.2	− 2.2	219.9	− 0.0	73.8	− 5.0
Manufacturing	11.0	− 6.8	34.6	− 8.2	39.4	− 1.3	12.4	− 13.3
Durable goods	4.9	− 3.9	25.4	− 10.9	18.3	− 4.2	6.8	− 21.8
Nondurable goods	6.0	− 9.1	9.1	− 2.2	21.1	+ 1.4	5.6	0.0
Nonmanufacturing	34.5	− 2.5	69.5	− 0.4	180.4	+ 0.2	61.3	− 3.3
Ave. wkly. hours worked by production workers								
Manufacturing	38.6	+ 0.5	40.6	+ 1.8	39.3	+ 1.6	36.0	+ 1.7
Durable goods	38.7	− 1.0	40.0	+ 2.0	39.8	+ 2.3	38.0	+ 4.1
Nondurable goods	38.5	+ 1.9	42.6	+ 1.2	39.0	+ 1.0	34.2	+ 1.5
Industrial electric power sales index *(1977 = 100)*	78	− 4.9	80	− 1.2	87	+ 1.2	85	− 19.0
Construction contracts awarded *(mil. dols.)*								
Residential building	1.6	+ 6	2.9	+ 2	7.8	+46	4.0	+ 38
Nonresidential building	0.5	−70	3.6	+89	7.6	+ 9	5.6	− 56
Employment of Residents								
Employed, no. of persons *(thous.)*	48.0	− 2.2	108.4	− 2.2	221.1	+ 0.7	85.1	− 3.7
Unemployed								
No. of persons *(thous.)*	8.8	+18.9	18.4	+21.1	16.0	0.0	21.3	+ 19.0
Rate *(percentage of labor force)*	15.6		14.5		6.8		20.0	
Civilian labor force, no. of persons *(thous.)*	56.9	+ 0.7	126.8	+ 0.6	237.1	+ 0.6	106.4	0.0

	Lancaster		Lehigh Valley		Northeast PA		Philadelphia	
	1983*	Percentage Change 1982-1983	1983*	Percentage Change 1982-1983	1983*	Percentage Change 1982-1983	1983*	Percentage Change 1982-1983
Local Industries								
No. of wage and salary jobs *(thous.)*[p]								
All nonfarm industries	148.9	− 0.5	245.6	− 2.9	230.2	− 1.2	1,893.6	− 0.3
Manufacturing	54.3	− 2.3	87.3	− 7.1	61.8	− 3.7	386.3	− 3.7
Durable goods	32.0	− 2.4	39.7	− 14.1	25.0	− 2.7	203.0	− 4.7
Nondurable goods	22.4	− 1.8	47.5	− 0.6	36.8	− 4.4	183.3	− 2.6
Nonmanufacturing	94.5	+ 0.6	158.0	− 0.5	168.2	− 0.3	1,505.0	+ 0.5
Ave. wkly. hours worked by production workers								
Manufacturing	39.3	+ 2.3	37.9	+ 0.3	37.2	+ 2.2	39.3	+ 0.5
Durable goods	40.3	+ 3.3	40.8	+ 0.7	41.5	+ 1.7	40.1	+ 0.5
Nondurable goods	38.1	+ 1.3	36.0	+ 1.7	34.6	+ 2.1	38.2	+ 0.8
Industrial electric power sales index *(1977 = 100)*	109	+11.2	102	+ 3.0	98	+ 1.0	97	+ 2.1
Construction contracts awarded *(mil. dols.)*								
Residential building	8.9	+77.	14.5	+85	9.3	+63	73.4	+61
Nonresidential building	1.5	−60	9	+ 3	4.7	− 4	65.8	+ 7
Employment of Residents								
Employed, no. of persons *(thous.)*	171.8	+ 0.8	271.6	− 1.7	255.4	0.0	2,019.0	+ 1.0
Unemployed								
No. of persons *(thous.)*	12.0	−11.8	35.7	+ 5.6	34.4	+ 4.6	188.2	− 0.3
Rate *(percentage of labor force)*	6.6		11.6		11.9		8.5	
Civilian labor force, no. of persons *(thous.)*	183.8	− 0.2	307.2	− 0.9	289.8	+ 0.5	2,207.2	+ 0.9

* Average of monthly figures.

[p] Employment figures are based on preliminary data for December.

Reading

The economy in the Reading area picked up dramatically during 1983. Among Pennsylvania's 14 metropolitan areas, only the Reading area saw increases in average employment levels in manufacturing and total nonfarm industries. The area also had the smallest percentage decline in the job level for durable goods industries.

Sales of electric power to area industries rose in every quarter of the year and was 13 percent above the 1982 average. The factory workweek also increased in length throughout the year. At year's end, production workers averaged about 41 hours a week.

With the fourth lowest average unemployment rate among the state's metropolitan areas, the Reading area held out well during the latest recession. Employment in the area increased last year by 1.8 percent — the highest percentage increase in the state — lowering the area's unemployment rate to 9.4 percent of the civilian labor force.

Construction activity picked up considerable momentum in the area during 1983. Both the value of contract awards for residential building construction and the value for nonresidential building construction were up from values a year ago. Residential building awards were 82 percent ahead of the year-earlier value while nonresidential building awards were 25 percent ahead.

York

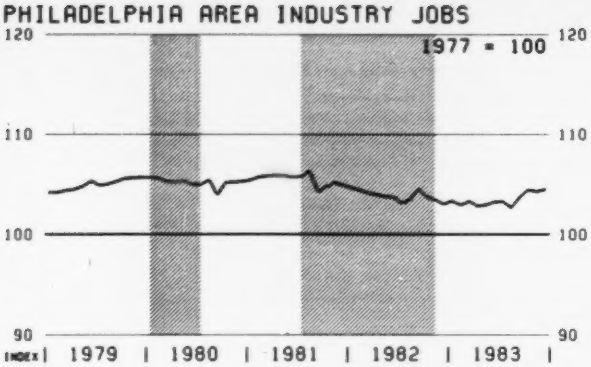
The York area's unemployment level showed a slight increase during the fourth quarter of 1983, but the average unemployment rate for the year remained at its 1982 level of 10.9 percent.

	Pittsburgh		Reading		Sharon		State College	
	1983*	Percentage Change 1982-1983	1983*	Percentage Change 1982-1983	1983*	Percentage Change 1982-1983	1983*	Percentage Change 1982-1983
Local Industries								
No. of wage and salary jobs *(thous.)*[p]								
All nonfarm industries	847.5	− 4.6	135.5	+ 0.7	39.2	− 7.1	45.2	− 0.4
Manufacturing	167.3	−13.4	50.5	+ 1.6	10.4	− 18.8	7.1	− 5.3
Durable goods	127.1	−16.3	28.3	− 0.4	9.3	− 20.5	4.8	− 5.9
Nondurable goods	40.2	− 2.9	22.1	+ 3.8	1.1	0.0	2.3	0.0
Nonmanufacturing	679.2	− 1.9	84.9	0.0	28.8	− 2.0	38.1	+ 0.5
Ave. wkly. hours worked by production workers								
Manufacturing	39.5	+ 3.4	39.9	+ 3.6				
Durable goods	39.5	+ 3.9	41.1	+ 4.3				
Nondurable goods	39.5	+ 1.5	38.3	+ 2.7				
Industrial electric power sales index *(1977 = 100)*	67	+ 2.9	113	+13.0	107	+ 17.6	93	+ 4.5
Construction contracts awarded *(mil. dols.)*								
Residential building	30.7	+28	5.4	+82	1.8	+105	3.3	+90
Nonresidential building	33.1	−26	3.0	+25	1.2	− 74	1.5	+31
Employment of Residents								
Employed, no. of persons *(thous.)*	878.4	− 3.5	145.1	+ 1.8	43.6	− 5.6	45.9	+ 0.7
Unemployed								
No. of persons *(thous.)*	149.7	+17.1	15.0	− 5.7	9.6	+ 6.7	5.4	+12.5
Rate *(percentage of labor force)*	14.6		9.4		18.1		10.6	
Civilian labor force, no. of persons *(thous.)*	1,028.0	− 0.9	160.1	+ 1.1	53.2	− 3.6	51.4	+ 2.0

	Williamsport		York	
	1983*	Percentage Change 1982-1983	1983*	Percentage Change 1982-1983
Local Industries				
No. of wage and salary jobs *(thous.)*[p]				
All nonfarm industries	43.3	− 3.1	148.7	− 1.4
Manufacturing	14.0	− 9.7	57.2	− 4.3
Durable goods	7.7	−17.2	34.7	− 6.5
Nondurable goods	6.3	+ 1.6	22.4	− 1.3
Nonmanufacturing	29.2	0.0	90.6	0.0
Ave. wkly. hours worked by production workers				
Manufacturing	38.9	− 1.3	40.7	+ 1.8
Durable goods	39.9	0.0	41.5	+ 2.2
Nondurable goods	37.8	− 1.8	39.8	+ 1.8
Industrial electric power sales index *(1977 = 100)*	91	− 1.1	94	+ 4.4
Construction contracts awarded *(mil. dols.)*				
Residential building	0.1	+89	6.6	+17
Nonresidential building	0.8	+52	2.8	−40
Employment of Residents				
Employed, no. of persons *(thous.)*	45.0	− 2.0	161.2	− 0.3
Unemployed				
No. of persons *(thous.)*	7.6	+16.9	19.8	− 0.5
Rate *(percentage of labor force)*	14.6		10.9	
Civilian labor force, no. of persons *(thous.)*	52.6	+ 0.4	181.0	− 0.3

* Average of monthly figures.

[p] Employment figures are based on preliminary data for December.



The area lost jobs throughout the manufacturing sector in 1983, with the greatest losses in durable goods industries. However, the factory job level was up in the fourth quarter, and increases in working hours pushed the average length of the factory workweek to its highest level in four years.

Sales of electric power to industries — a short-run indicator of industrial activity — were up sharply in the fourth quarter, bringing the average monthly figure for the year to 4.4 percent above the 1982 average.

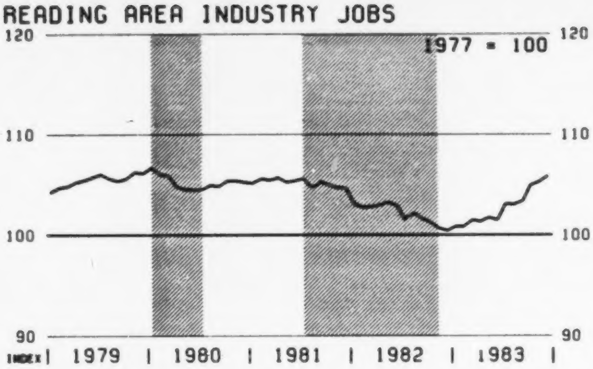
But the area's construction industry was not as active as those in most other areas of the state. For 1983, the value of residential building awards was 17 percent ahead of the 1982 value for the area; this compares to a statewide increase of almost 46 percent. Furthermore, the area's value of awards for nonresidential buildings was 40 percent behind the 1982 value.

Philadelphia Area[1]

	Ave. mo. value 4 Q.'83	Average monthly index seas. adj. (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	2,094.7	109.	108.	106.
Unemployed, no. of residents	162.7	95.	103.	110.
Civilian labor force, no. of residents	2,257.3	108.	108.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	1,923.7	104.	103.	103.
Nonmfg. only, no. of jobs	1,532.5	110.	109.	109.
Mfg. only, no. of jobs	390.8	87.	86.	87.
Hrs. worked by production workers in mfg., *ave. weekly*	40.3	100.	100.	97.
Industrial electric power sales				
Metropolitan area	***	99.	100.	95.
Chester	***	92.	97.	94.
Philadelphia	***	98.	99.	95.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	273.7	+ 17.9	+ 100.8
Nonresidential contracts only	238.8	− 10.1	+ 75.8

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.



Northeastern Quarter

Lehigh Valley

In 1983, the Lehigh Valley area saw declines in the average level of manufacturing and nonmanufacturing employment and an increase in the average monthly jobless rate.

Most of the manufacturing job losses were in the durable goods sector, which showed a 14.1 percent decrease from its 1982 job level. The nondurable goods industry experienced only a slight 0.6 percent decline in employment.

Total employment of area residents declined 1.7 percent, which pushed the unemployment rate up to an average 11.6 percent for the year.

However, the average length of the factory workweek showed some improvements over 1982 levels. Increases in this measure usually foreshadow increases in employment levels. In addition, after seasonal adjustment, the fourth-quarter factory job level was 1.8 percent above the recession low registered in the second quarter of the year.

The value of construction contracts also showed improvements from 1982, increasing in both residential and nonresidential building awards.

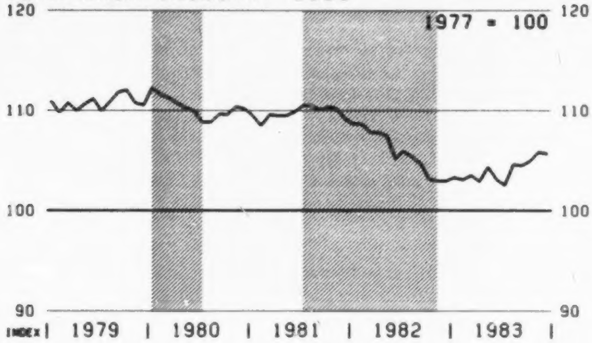
Reading Area[1]

	Ave. mo. value 4 Q.'83	Average monthly index seas. adj. (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	153.8	112.	110.	105.
Unemployed, no. of residents	11.3	136.	145.	190.
Civilian labor force, no. of residents	165.1	113.	112.	110.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	140.7	105.	103.	101.
Nonmfg. only, no. of jobs	87.1	107.	105.	105.
Mfg. only, no. of jobs	53.6	104.	100.	94.
Hrs. worked by production workers in mfg., *ave. weekly*	41.2	104.	103.	98.
Industrial electric power sales	***	126.	121.	99.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	15.3	− 14.5	+ 37.8
Nonresidential contracts only	8.2	+ 3.8	− 29.9

[1] Berks County

YORK AREA INDUSTRY JOBS



Electric power use by industries, which reflects short-run changes in industrial production, rose last quarter in Easton and remained stable in Bethlehem and Allentown. In 1983, the average monthly level of sales for the area was 3 percent higher than the 1982 average.

Northeast

The economy of the Northeast metropolitan area showed little change during the fourth quarter of 1983. Job levels in manufacturing industries increased slightly while the average factory workweek shortened a bit in length.

Average job levels for the year were down from a year earlier in both the manufacturing and nonmanufacturing sectors, with most of the job losses occurring in the area's factories.

Total resident employment remained unchanged from a year earlier at 255,400 workers, but the average monthly jobless rate rose half a percentage point to 11.9 percent because of a 0.5 percent increase in the civilian labor force.

However, the seasonally adjusted level of industrial electric power sales suggests that business activity is picking up. Sales increased in every quarter of the year, with fourth-quarter sales at their highest level in two years.

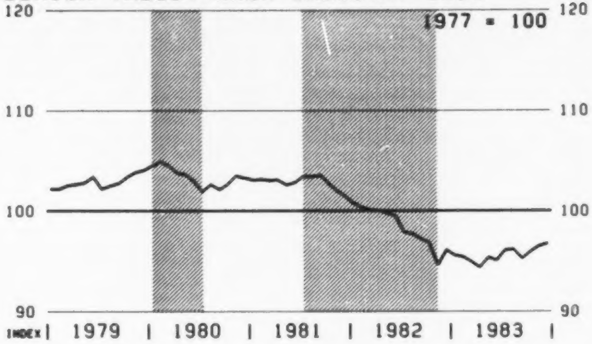
York Area[1]

	Ave. mo. value 4 Q.'83	Average monthly index seas. adj. (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	167.6	111.	111.	108.
Unemployed, no. of residents	16.5	182.	178.	221.
Civilian labor force, no. of residents	184.1	115.	115.	115.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	151.2	106.	104.	103.
Nonmfg. only, no. of jobs	92.0	111.	110.	109.
Mfg. only, no. of jobs	59.2	98.	95.	95.
Hrs. worked by production workers in mfg., *ave. weekly*	41.9	101.	100.	96.
Industrial electric power sales	•••	101.	97.	87.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	17.1	−24.3	+27.6
Nonresidential contracts only	11.1	+18.1	+24.7

[1] Adams and York Counties

LEHIGH VALLEY AREA INDUSTRY JOBS



The value of contracts awarded for construction dropped during the fourth quarter of 1983 from a quarter earlier but was ahead of the level registered a year ago. While residential building construction improved 63 percent over its 1982 level, the value of contracts awarded for nonresidential building construction still lagged behind the 1982 level by 4 percent.

Williamsport

Job levels picked up in the Williamsport area during the fourth quarter of the year in both the manufacturing and nonmanufacturing sectors. But while the nonmanufacturing sector had regained the employment level prevailing at the beginning of the year, the increase in factory jobs in the fourth quarter was not enough to offset losses in the first three quarters.

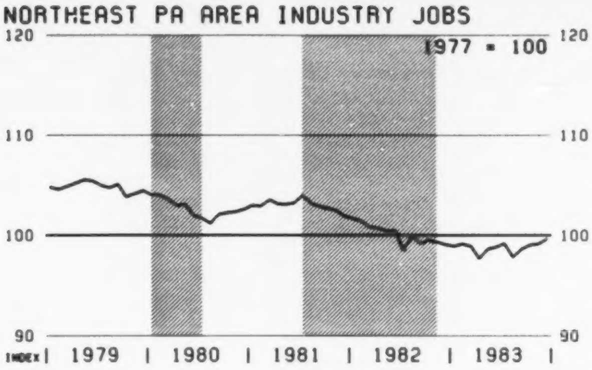
Williamsport's 17.2 percent decline in the average level of employment for durable goods manufacturing in 1983 was the third highest percentage drop among the state's major metropolitan areas. However, the job level in nondurable goods manufacturing improved during the year, and employment in the nonmanufacturing sector remained virtually unchanged.

Lehigh Valley Area[1]

	Ave. mo. value 4 Q.'83	Average monthly index seas. adj. (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	280.4	101.	101.	99.
Unemployed, no. of residents	29.1	144.	156.	182.
Civilian labor force, no. of residents	309.4	104.	105.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	248.4	96.	96.	96.
Nonmfg. only, no. of jobs	160.0	107.	107.	106.
Mfg. only, no. of jobs	87.7	82.	81.	83.
Hrs. worked by production workers in mfg., *ave. weekly*	38.8	101.	99.	97.
Industrial electric power sales				
Metropolitan area	•••	106.	105.	95.
Allentown	•••	99.	99.	95.
Bethlehem	•••	110.	110.	89.
Easton	•••	104.	99.	116.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	35.1	−32.2	0.0
Nonresidential contracts only	18.2	−66.4	−37.9

[1] Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.



Other economic indicators showed a slowdown in the average pace of the economy in 1983 from a year earlier. The average length of the factory workweek last year was half an hour shorter than it was in 1982, and the average monthly level of sales of electric power to industries dropped 1.1 percent.

On the other hand, construction activity picked up considerable momentum in the area last year. The value of construction contracts awarded for residential buildings was 89 percent higher in 1983 than a year earlier, and contracts for nonresidential buildings increased in value by 60 percent.

Northeast Area[1]

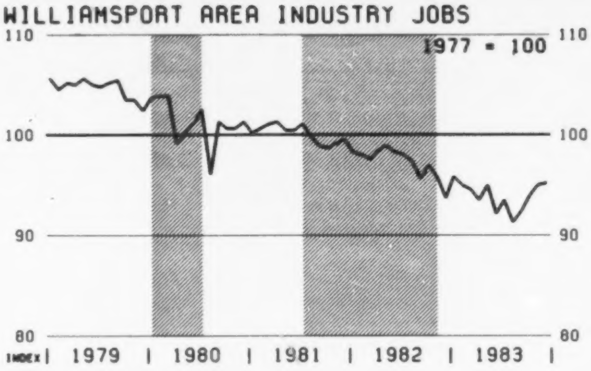
	Ave. mo. value 4 Q.'83	Average monthly index seas. adj (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents				
Northeast metropolitan area	262.3	105.	105.	103.
Lackawanna County[2] only	93.4	105.	105.	103.
Luzerne County[3] only	140.5	105.	105.	103.
Unemployed, no. of residents				
Northeast metropolitan area	33.5	121.	119.	124.
Lackawanna County[2] only	10.1	105.	107.	114.
Luzerne County[3] only	20.3	131.	128.	127
Civilian labor force, no. of residents				
Northeast metropolitan area	295.8	107.	106.	105.
Lackawanna County[2] only	103.5	105.	105.	104.
Luzerne County[3] only	160.8	108.	107.	105.
Local industries, Northeast metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	231.4	99.	99.	99.
Nonmfg. only, no. of jobs	168.6	104.	104.	104.
Mfg. only, no. of jobs	62.4	88.	87.	88.
Hrs. worked by production workers in mfg., *ave. weekly*	37.4	103.	104.	100.
Industrial electric power sales				
Northeast metropolitan area	***	100.	99.	94.
Lackawanna County[2] only	***	99.	97.	94.
Luzerne County[3]	***	95.	94.	89.
Hazleton	***	86.	86.	85.
Wilkes-Barre	***	99.	96.	85.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Quarter Ago	Year Ago
Residential contracts only	26.8	− 7.3	+ 17.5
Nonresidential contracts only	22.9	− 3.8	+ 179.3

[1] Lackawanna, Luzerne, and Monroe Counties

[2] Includes Scranton

[3] Includes Wilkes-Barre and Hazleton



Northwestern Quarter

Erie

Average job levels declined in the Erie area during 1983, with the largest percentage drop in manufacturing. Employment in the durable goods sector, which accounts for almost one quarter of all nonfarm jobs in the area, averaged more than 10 percent below the 1982 level. Nondurable goods manufacturing and nonmanufacturing industries had less serious declines in employment.

However, the average length of the factory workweek increased over the year. Increases in this measure typically precede increases in employment. During the fourth quarter, production workers averaged 41.3 hours a week — the longest quarterly average in two years.

In contrast to other areas of the state, commercial construction fared better than housing construction. The value of construction contracts during 1983 rose only a slight 2 percent from the 1982 level for residential buildings, but increased a substantial 89 percent for nonresidential buildings.

Overall industrial activity in Erie, as reflected in sales of electric power, was somewhat slower on average in 1983 than in 1982. The average index value for this measure last year was 1.2 percent below 1982's average and 20 percent below the 1977 average.

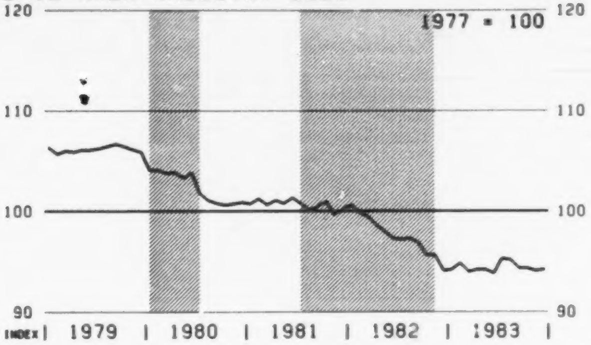
Williamsport Area[1]

	Ave. mo. value 4 Q.'83	Average monthly index seas. adj. (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	46.6	100.	98.	98.
Unemployed, no. of residents	6.5	148.	161.	167.
Civilian labor force, no. of residents	53.0	104.	104.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	43.9	95.	92.	96.
Nonmfg. only, no. of jobs	29.5	104.	103.	104.
Mfg. only, no. of jobs	14.3	80.	76.	82.
Hrs. worked by production workers in mfg., *ave. weekly*	39.2	99.	101.	99.
Industrial electric power sales	***	91.	93.	88.

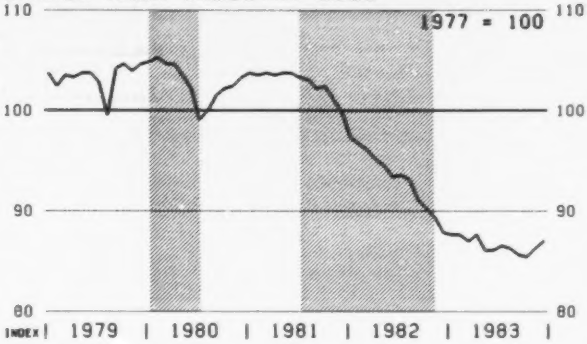
		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Quarter Ago	Year Ago
Residential contracts only	2.5	−37.5	+ 25.0
Nonresidential contracts only	2.2	−68.1	+2100.0

[1] Lycoming County

ERIE AREA INDUSTRY JOBS



SHARON AREA INDUSTRY JOBS



Sharon

The Sharon metropolitan area again in 1983 had the greatest percentage decline in total nonfarm industry employment among the state's metropolitan areas. Most of the job losses occurred in the durable goods sector, which provided slightly less than one-fourth of the area's nonfarm industry jobs last year. Just two years earlier, this sector had accounted for almost one-third of all nonfarm jobs.

The overall job level in nonmanufacturing industries was more stable in 1983: it was unchanged after seasonal adjustment in the fourth quarter from a quarter earlier and averaged only 2 percent lower in 1983 from a year earlier.

Unemployment in the area averaged 18.1 percent of the civilian labor force during 1983. This was the second highest jobless rate among the state's metropolitan areas. Only Johnstown had a higher rate.

Along with the high unemployment rate, there was a 5.6 percent drop in total resident employment from 1982 to 1983.

Industrial electric power sales, an indicator of short-run changes in industrial output, declined slightly in the fourth quarter of last year after seasonal adjustment but for the year averaged 17.6 percent above the 1982 average.

Activity in the area's construction industries was mixed last year. The value of residential building contracts more than doubled from a year earlier while the value of nonresidential building contracts was only one-fourth the 1982 value.

Erie Area[1]

	Ave. mo. value 4 Q.'83	Average monthly index seas. adj. (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	111.4	100.	101.	99.
Unemployed, no. of residents	15.4	173.	189.	205.
Civilian labor force, no. of residents	126.8	105.	108.	107.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	104.8	94.	95.	95.
Nonmfg. only, no. of jobs	70.0	103.	104.	104.
Mfg. only, no. of jobs	34.7	81.	81.	82.
Hrs. worked by production workers in mfg., *ave. weekly*	41.3	99.	101.	97.
Industrial electric power sales	***	85.	84.	74.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	5.2	−59.7	+ 26.8
Nonresidential contracts only	21.6	+96.4	+292.7

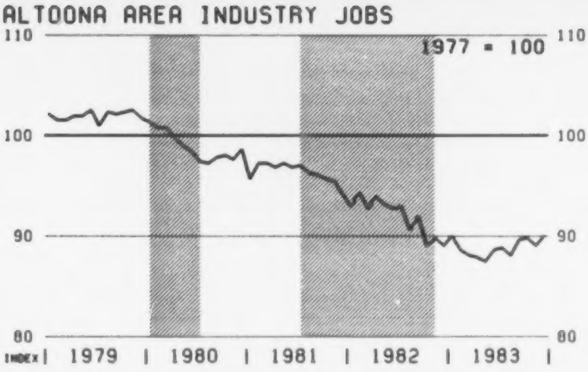
[1] Erie County

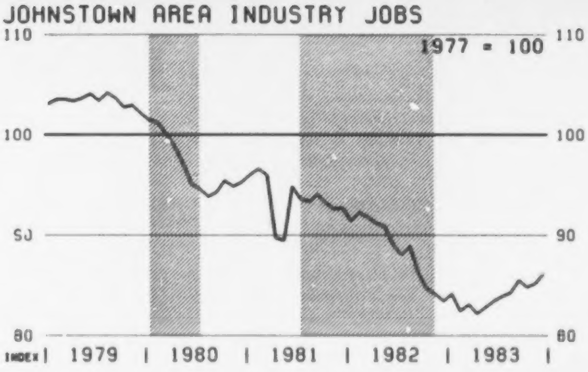
Sharon Area[1]

	Ave. mo. value 4 Q.'83	Average monthly index seas. adj. (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	44.6	92.	92.	92.
Unemployed, no. of residents	7.3	186.	214.	256.
Civilian labor force, no. of residents	52.0	99.	101.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	39.3	86.	86.	90.
Nonmfg. only, no. of jobs	28.9	99.	99.	101.
Mfg. only, no. of jobs	10.3	64.	64.	70.
Industrial electric power sales	***	109.	112.	92.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	6.5	+22.6	+116.7
Nonresidential contracts only	1.8	−70.5	+157.1

[1] Mercer County





Southwestern Quarter

Altoona

High unemployment continued to plague the Altoona region during 1983. The area's unemployment rate rose to 15.6 percent from its 1982 level of 13.1 percent. Only the Johnstown and Sharon areas had higher jobless rates.

The average annual job level in manufacturing industries dropped substantially in 1983, with especially large declines in nondurable goods manufacturing. Nevertheless, by the end of the year, the factory job level was rising.

The nonmanufacturing job level also declined during the year, but no marked gains were evidenced by the fourth quarter.

The average length of the factory workweek increased in 1983, but that increase was concentrated in the nondurable goods sector. Production workers in durable goods industries worked 0.4 of an hour less on average in 1983 than in 1982.

The construction industry showed a small improvement last year in the value of contracts for residential buildings. However, the value of contracts for nonresidential buildings remained 70 percent below the 1982 level.

Sales of electric power to industries were up during the final quarter of the year, but a decline of 4.9 percent over the 1982 average for this measure indicates a slower overall level of industrial activity in 1983.

Johnstown

The Johnstown area remained in an economic slump in 1983. The average monthly level of sales of electricity to industrial users, which reflects changes in overall industrial activity, was down 19 percent from a year earlier. In addition, unemployment in the area — at 20 percent of the labor force — was the highest among the state's 14 metropolitan areas.

The steep declines in manufacturing job levels were concentrated in the durable goods sector. Employment in these industries averaged 21.8 percent lower in 1983 than a year earlier. In contrast, the average annual employment level in the area's nondurable goods industries remained stable at the 1982 level.

Johnstown also had the greatest percentage decline in nonmanufacturing employment among the state's metropolitan areas.

But employment conditions should look better in 1984.

Altoona Area[1]

	Ave. mo. value 4 Q.'83	Average monthly index seas. adj. (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	49.2	95.	94.	93.
Unemployed, no. of residents	7.4	180.	212.	210.
Civilian labor force, no. of residents	56.6	101.	103.	101.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	45.7	90.	89.	89.
Nonmfg. only, no. of jobs	34.5	91.	91.	91.
Mfg. only, no. of jobs	11.2	86.	82.	85.
Hrs. worked by production workers in mfg., *ave. weekly*	39.2	104.	102.	100.
Industrial electric power sales	***	79.	78.	73.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	3.5	−50.7	−18.6
Nonresidential contracts only	1.2	+20.0	−87.6

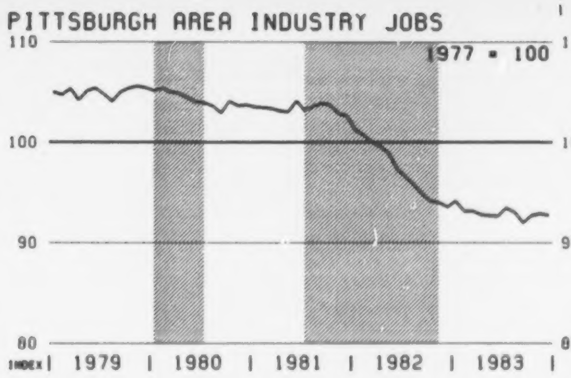
[1] Blair County

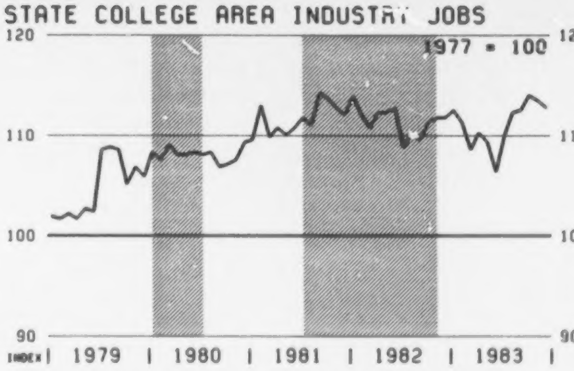
Johnstown Area[1]

	Ave. mo. value 4 Q.'83	Average monthly index seas. adj. (1977 = 100) 4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	88.5	90.	89.	87.
Unemployed, no. of residents	16.0	151.	181.	203.
Civilian labor force, no. of residents	104.5	96.	98.	99.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	75.2	85.	84.	84.
Nonmfg. only, no. of jobs	62.5	93	93.	92.
Mfg. only, no. of jobs	12.7	61.	59.	60.
Hrs. worked by production workers in mfg., *ave. weekly*	37.1	95.	94.	90.
Industrial electric power sales	***	102.	90.	73.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Percentage Change Quarter Ago	Year Ago
Residential contracts only	5.9	−73.5	−27.2
Nonresidential contracts only	1.0	−85.9	−80.8

[1] Cambria and Somerset Counties


PITTSBURGH AREA INDUSTRY JOBS


STATE COLLEGE AREA INDUSTRY JOBS

Both major sectors experienced job gains in the second half of 1983. Furthermore, the average length of the factory workweek increased steadily over the year.

The performance of the area's construction industry was mixed. The value of residential building contracts awarded last year was 38 percent ahead of the year-earlier value while the value of nonresidential building awards was less than half the 1982 value.

Pittsburgh

The Pittsburgh area economy was marked last year by heavy job losses in manufacturing industries. Among Pennsylvania's metropolitan areas, only the Sharon area had a greater percentage decline in the average annual factory job level. The area also had the third greatest percentage decline in total employment and in total nonfarm industry jobs.

The area's average monthly unemployment rate in 1983 rose to 14.6 percent of the civilian labor force from 12.3 percent in 1982. But by the end of the year, the jobless rate was back down to 12.5 percent on a seasonally adjusted basis.

Furthermore, the workweek lengthened in both durable goods and nondurable goods industries. Increases in this measure usually foreshadow increases in employment.

Sales of electric power to industries were up in the fourth quarter of 1983 and for the year overall, indicating some recovery in factory output. However, the average monthly index last year for this measure, at 67 (1977=100), was still very low.

Construction contract awards dropped in value during the fourth quarter and trailed the overall statewide figures for the year. The value of residential building awards was 28 percent higher than a year earlier in Pittsburgh compared to a statewide increase of 46 percent. In addition, the value of nonresidential building awards was down 26 percent in the area compared to a lag of 7 percent in the state.

Pittsburgh Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'83	4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	900.5	98.	99.	97.
Unemployed, no. of residents	124.2	199.	216.	240.
Civilian labor force, no. of residents	1,024.7	105.	106.	107.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	849.7	93.	93.	94.
Nonmfg. only, no. of jobs	682.7	102.	103.	103.
Mfg. only, no. of jobs	166.0	67.	66.	69.
Hrs. worked by production workers in mfg., *ave. weekly*	40.5	99.	98.	93.
Industrial electric power sales	***	75.	73.	55.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Quarter Ago	Year Ago
Residential contracts only	82.4	−33.4	+43.6
Nonresidential contracts only	69.1	−53.6	−59.9

[1] Allegheny, Beaver, Washington, and Westmoreland Counties

State College

The State College area economy had its best quarter ever at the end of 1983 in terms of total employment and job levels in all nonfarm industries. Both of these measures registered new quarterly highs in the fourth quarter.

Nevertheless, the seasonally adjusted unemployment rate remained at 9.4 percent of the civilian labor force that quarter and averaged 1.1 percentage points higher last year than in 1982.

Employment losses in 1983 were concentrated in durable goods industries. The annual average job level remained unchanged in nondurable goods production and rose in the nonmanufacturing sector.

State College Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'83	4 Q.'83	3 Q.'83	4 Q.'82
Employment *(in thousands)*				
Employed, no. of residents	48.3	114.	114.	110.
Unemployed, no. of residents	4.7	184.	187.	203.
Civilian labor force, no. of residents	53.0	119.	118.	116.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	46.7	114.	112.	112.
Nonmfg. only, no. of jobs	39.5	114.	112.	112.
Mfg. only, no. of jobs	7.2	114.	110.	110.
Industrial electric power sales	***	98.	95.	84.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'83	Quarter Ago	Year Ago
Residential contracts only	6.8	−55.0	+38.8
Nonresidential contracts only	3.5	−49.3	−36.4

[1] Centre County

Industrial electric power sales in the area improved during the October to December quarter and the average monthly level of sales for 1983 was 4.5 percent higher than it was in 1982.

The value of construction contracts awarded for residential and nonresidential buildings declined in the fourth quarter but showed strong improvements for the year. The annual total value of awards for residential buildings was up 90 percent from a year earlier while the total value for nonresidential buildings was up 31 percent.

— *Anita J. Katz*

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State Remains on Recovery Course in New Year

The Pennsylvania economy started the new year in pretty much the same manner it ended 1983 — with moderate increases in most indicators.

A notable exception was the dramatic decline in the jobless rate, which fell from a seasonally adjusted 10.4 percent in December to 8.3 percent in January. However, the decline in the number of job seekers was not matched by an equal increase in total employment. Instead, much of the decline in unemployment was due to residents leaving the work force.

January's 1.3 percent decline in the seasonally adjusted civilian labor force is probably largely due to secondary wage earners leaving the labor force as their spouses return to jobs after having been laid off and to long-time job seekers becoming too discouraged to continue to look for employment. But the longer term slowing in labor-force growth over the past couple years is due to broader demographic changes, such as the aging of the population and an increasing rate of retirements.

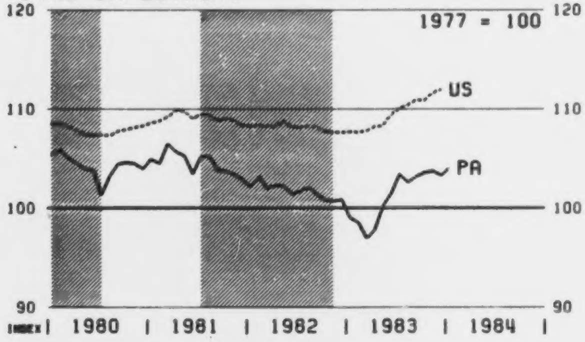
Nevertheless, the labor market did improve in January. The number of employed Pennsylvanians fell as is typical for that time of year, but the decline was not as steep as expected. Therefore, the seasonally adjusted level of employment in Pennsylvania was the highest it has been since August 1981.

Payroll employment in all nonfarm industries was fairly steady in January, with only the usual seasonal decline. Less than seasonal declines took place in durable goods manufactures, construction industries, and retail trade, and a gain in employment was seen in the finance, insurance, and real estate industry group. On the other hand, steeper-than-expected declines took place in transportation industries and miscellaneous services.

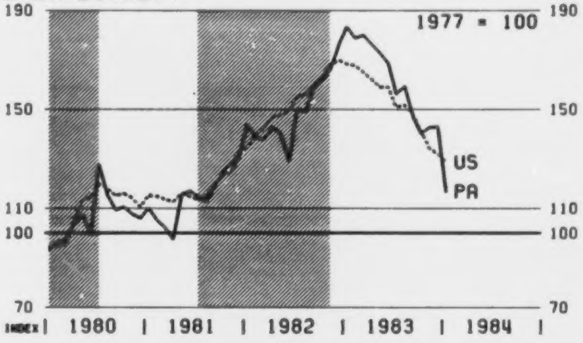
Other indicators suggest that industrial output in the state rose in January. The seasonally adjusted level of industrial electric power sales climbed 1.4 percent. Short-run increases in this measure typically reflect increases in industrial production. January's rise in sales was slightly more than the average monthly rise of 1.3 percent in 1983.

Electric power sales remained 9.6 percent below their

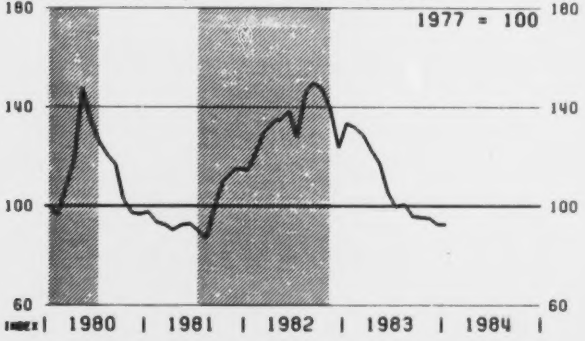
TOTAL EMPLOYMENT



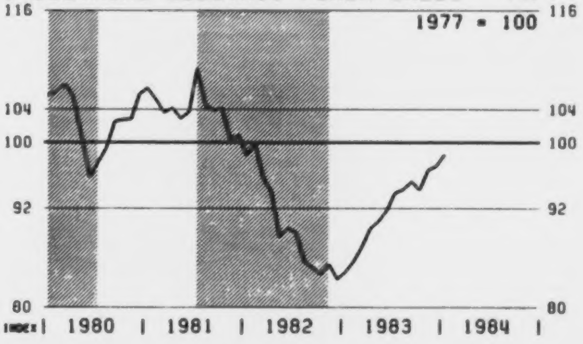
UNEMPLOYMENT



INITIAL CLAIMS - PENNSYLVANIA

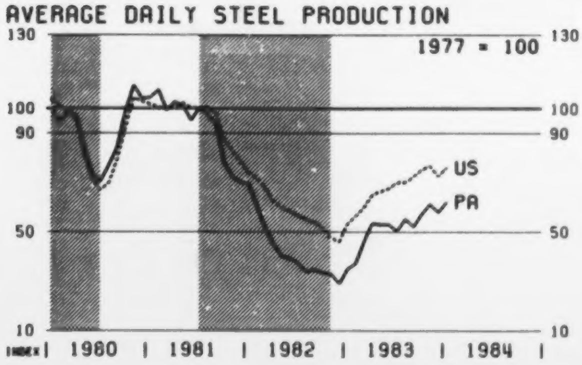


INDUSTRIAL ELECTRIC POWER SALES - PA



PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **March 1984**



pre-recession level in the state overall but had regained previous highs in many areas. In the Pittsburgh region, on the other hand, because of the closings of many steel plants, sales of the Duquesne Light Company, which serves most of Allegheny and Beaver Counties, remained more than 40 percent below the pre-recession level.

At the same time, though, steel has contributed to much of the recent increases in power sales — steel production has been on the rise. January's 7.1 percent increase in the seasonally adjusted average daily level of steel produced in the state compares to an average monthly rise of 6.4 percent in 1983.

The state's production of steel was the highest it had been in two years and made up 16.8 percent of total national production. The state's share of production has been about the same for the last three months, after rising from a low of 12.1 percent in August 1982. But it remained well below the more than 20 percent share prevailing before the recession. The seasonally adjusted level of steel production in the state in January was only 62 percent of the 1977 average.

Despite the gains in electric power sales and steel production, the state's economy has been recovering at a

Economic Activity in Pennsylvania	1983 *Dec.*	1984 *Jan.*	1983 *Jan.*	Seasonally Adjusted Indexes (1977 = 100) 1983 *Dec.*	1984 *Jan.*	1983 *Jan.*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,599.	4,494.	4,410.	100.3*	100.2	98.4
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,481.	3,386.	3,329.	107.1	107.3	105.5
Manufacturing						
No. of wage and salaried jobs (thous.)	1,115.	1,107.	1,078.	83.4	83.5	81.4
Ave. wkly. hrs. worked by prod. workers	40.2	39.6	38.3	100.4	100.7	97.4
Total wkly. person-hours worked (mils.)	30.9	30.1	27.8	79.7	79.3	73.3
Total wkly. payroll (mil. dols.)	285.7*	279.3	246.0	124.4*	125.6	110.6
Steel production (thous. tons)	1,166.	1,339.	742.	58.	62.	35.
Industrial electric power sales (mil. kwh)	3,476.	3,655.	3,127.	97.	98.	84.
Mining						
Anthracite coal (thous. net tons)	368.	339.	253.	80.	80.	60.
Bituminous coal (thous. net tons)	5,308.	n.a.	5,615.†	74.	n.a.	76.†
Construction contracts awarded (mil. dols.)						
Total	455.5	367.5	207.4*	161.	162.	101.*
Residential building	167.2	97.8	92.4*	153.	134.	127.*
Other building	165.7	172.2	79.8*	167.	200.	97.*
Nonbuilding (utilities and public works)	122.6	97.4	35.2*	168.	162.	56.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,947.	4,841.	4,612.	103.3	104.0	99.0
Unemployed						
No. of persons (thous.)	562.	542.	806.	143.0	116.6	183.4
Rate (percentage of labor force)	10.2	10.1	14.9			
Rate, seasonally adjusted	10.4	8.3	13.6			
Civilian labor force, no. of persons (thous.)	5,508.	5,383.	5,418.	106.3	105.0	105.5
Initial claims for unemployment benefits	181,414.	192,531.	265,627.	92.5	92.7	133.4

Consumer Prices, all items	Urban Indexes (1967 = 100) 1983 *Dec.*	1984 *Jan.*	1983 *Jan.*	Percentage Change *Month Ago*	*Year Ago*
U.S. city average	303.5	305.2	293.1	+0.6	+4.1
Philadelphia	291.8	294.4	282.1	+0.9	+4.4
Pittsburgh	314.3	n.a.	302.1†	n.a.	+4.0
Northeast PA	n.a.	291.0	278.9	n.a.	+4.3

NOTES: DATA ON EMPLOYMENT HAVE BEEN REVISED TO FIRST QUARTER 1983 BENCHMARKS AND ARE NOT COMPARABLE TO FIGURES PUBLISHED IN PRIOR ISSUES.
[1] Total includes workers on strike. * = figure revised † = figure for Dec. 1982 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
June	101.5	86.7	+1.0	+1.2
July	101.7	87.7	+0.2	+1.2
August	101.8	87.4	+0.1	−0.3
September	102.6	87.8	+0.8	+0.5
October	102.4	88.6	−0.2	+0.9
November	102.7	89.3	+0.3	+0.8
December	103.0	89.3	+0.3	0.0
January	102.6	89.5	−0.4	+0.2

very modest pace. This was evident in January's value for Pennsylvania's composite index of coincidental indicators, which rose a slight 0.2 percent.

The index of leading indicators, which declined 0.4 percent in January, shows a further moderation in the pace of the recovery. The decline is not a harbinger of a change in the direction of the general economic trend, but rather a typical wobble in these indicators during the latter phase of a recovery period.

Two of the three components of the leading index contributed to the drop. These components are new claims for unemployment benefits and the value of contract construction awards for residential buildings.

The third component, average weekly hours worked by production workers in the state's factories, declined 0.6 of an hour, but after adjustment for seasonal variation, it was 0.1 of an hour higher than in December 1983.

The increase in initial claims for unemployment benefits, which negatively influences the leading index, was also small — only 0.2 percent more than the usual seasonal increase.

Nevertheless, Pennsylvania continued to have one of the highest insured unemployment rates among the states. In the week ending January 28, 5.7 percent of Pennsylvanians covered under the state's unemployment insurance program were collecting benefits. This compares to a 3.7 percent rate nationwide, but was lower than Alaska (9.0), West Virginia (6.6), Washington (6.1), Montana (6.0), Oregon (6.0), and Idaho (5.9). These rates vary from week to week; in January, the state's rate varied from 5.4 percent to 6.0 percent.

The value of contract construction awards for residential buildings contributed the largest negative influence on the leading index in January. This measure fell significantly more than its usual seasonal amount. However, it is a very volatile series and has been trending upward since the beginning of 1982.

Overall construction contracts held their level of a month earlier after adjustment for seasonal variation. The value of awards for nonresidential construction rose in the state in January, and the value of awards for nonbuilding structures fell only slightly more than expected for the beginning of the year.

In sum, then, the decline in the state's index of leading indicators is more a statistical fluke than a danger signal. The state's economy will continue to improve at a moderate pace in the next few months.

— Norma I. Gavin

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Strong Income Growth in Third Quarter '83

Gains in All Major Sectors

The rate of personal-income growth in Pennsylvania slowed somewhat in the third quarter from second quarter's rebound but continued to climb significantly from the year-ago level.

Personal income is current income received by persons from all sources, including transfer payments from government and business but excluding transfer payments from other sources.

Third-quarter's 1.7 percent increase in personal income followed a 2.4 percent increase in the second quarter and a 0.1 percent decline in the first quarter. The over-the-year increase of 5.3 percent in the third quarter was the largest rise since second quarter 1982.

Net labor and proprietor income increased 2.3 percent from a quarter earlier while dividends, interest, and rent increased 3 percent. Transfer payments, which make up better than 18 percent of total personal income in the state, fell 1.5 percent in the third quarter. The decline was due to a 23.5 percent drop in unemployment insurance (UI) benefits; fewer new claims were filed and many long-term unemployed workers exhausted their benefits. Other transfer payments increased 1.1 percent.

Pennsylvania's over-the-quarter rise in total personal income matched that of the nation, but the state's over-the-year increase was considerably short of the 6.6 percent increase nationally.

Net labor and proprietor income in the nation was up a lower 2 percent in the third quarter, and dividends, interest, and rent were up a lower 2.6 percent.

Transfer payments were down a smaller 0.7 percent, although UI benefits were down about the same percentage and other transfer payments were up the same percentage as in the state. The smaller drop was evident in the nation because UI benefits compose only about 6 percent of all transfer payments in the nation compared to 8 percent in the state. Total transfer payments also make up a smaller 14.6 percent of total personal income in the nation.

Among the industry groups with the greatest percentage increases in income in the third quarter were mining, construction, and durable goods manufactures — the industries hardest hit during the recession. Agriculture and the finance, insurance, and real estate group were among the worst performers in terms of income growth in the third quarter but among the best performers over the year in both the nation and the state.

Personal income from every major private sector industry group in the state was higher in third quarter 1983 than in the same quarter a year earlier. Nationally, only the mining industry group generated less income last year than a year earlier.

— Norma I. Gavin

Personal Income by Major Source, Seasonally Adjusted at Annual Rates — Pennsylvania and the United States

	Pennsylvania			United States		
		Percentage Change			Percentage Change	
	1983 III (mil. dols.)	*Quarter Ago*	*Year Ago*	1983 III (mil. dols.)	*Quarter Ago*	*Year Ago*
Labor and proprietor income by place of work	95,095	2.2	5.9	1,979,666	2.0	7.9
By type						
Wage and salary disbursements	79,961	2.3	4.7	1,675,862	2.1	6.5
Other labor income	9,590	3.5	9.1	176,245	3.7	11.5
Proprietors' income	5,544	−0.5	20.5	127,559	−1.6	23.3
By industry						
Farm	717	−9.7	12.4	33,340	−9.1	18.2
Nonfarm	94,378	2.3	5.9	1,946,326	2.2	7.7
Private	81,201	2.3	5.7	1,612,656	2.3	7.8
Ag. serv., for., fish., and other	241	3.9	15.3	8,641	4.5	15.0
Mining	1,530	3.9	4.2	33,779	3.0	−6.6
Construction	4,508	3.4	4.5	108,559	4.1	12.9
Manufacturing	28,592	3.4	4.2	478,158	3.1	6.9
Nondurable goods	10,341	2.6	6.9	176,774	1.7	7.2
Durable goods	18,251	3.8	2.7	301,384	4.0	6.8
Transportation	7,069	0.2	0.2	149,505	−0.6	3.0
Wholesale trade	5,724	1.8	3.5	134,789	−2.7	6.1
Retail trade	8,672	2.8	8.5	187,774	2.1	7.9
Finance, insurance, and real estate	5,467	−0.4	11.3	129,276	0.1	12.7
Services	19,398	1.9	8.6	382,175	2.7	9.9
Government	13,177	2.2	6.6	333,670	1.4	7.2
Federal, civilian	3,402	0.8	6.6	75,500	0.5	6.2
Federal, military	481	−0.4	−2.0	33,671	0.0	4.9
State and local	9,294	2.9	7.1	224,499	1.9	7.9
Total personal income	137,614	1.7	5.3	2,755,061	1.7	6.6
Nonfarm personal income	136,898	1.7	5.2	2,721,722	1.8	6.5
Net labor and proprietor income[1]	88,418	2.3	6.0	1,859,094	2.0	7.9
Dividends, interest, and rent	24,024	3.0	2.3	493,395	2.6	2.3
Transfer payments	25,172	−1.5	5.5	402,572	−0.7	5.8

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, October 1983.

[1] Total earnings by place of work less personal contributions for social insurance and plus an adjustment for residence.

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State's Economy Looking Good

More Gains in February

In general, February marked another month of gains for the economy of Pennsylvania. Gains remained modest, but leading indicators continue to suggest improving conditions in the months to come.

The seasonally adjusted employment level in all nonfarm industries in the state rose a small 0.3 percent in February. Most of the job gains were in the goods-producing sector while employment in the service-producing sector remained at about the same level as it was a month earlier. Over the year, though, job gains in service-producing industries outpaced those in the goods-producing sector.

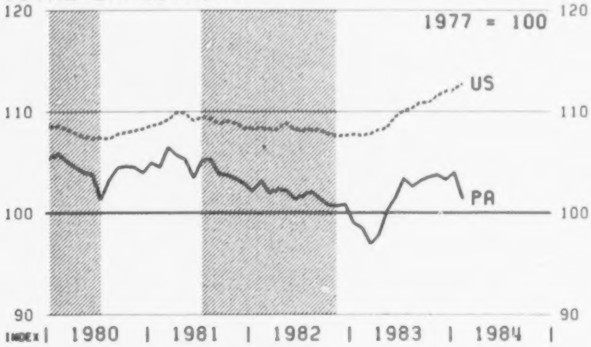
Furthermore, the job gains in the goods-producing industries over the year are to a large extent call-backs from the sizeable pool of workers laid off during the recession. In contrast, job gains in the service-producing sector represent newly created positions. Many service-producing industries, including retail trade, finance, insurance and real estate, and industries in the miscellaneous service group, have employment levels higher than at any time in the past.

As of February, the goods-producing sector, which is composed of manufacturing, mining, and construction industries, had regained only 22 percent of the jobs lost between July 1981 and April 1983.

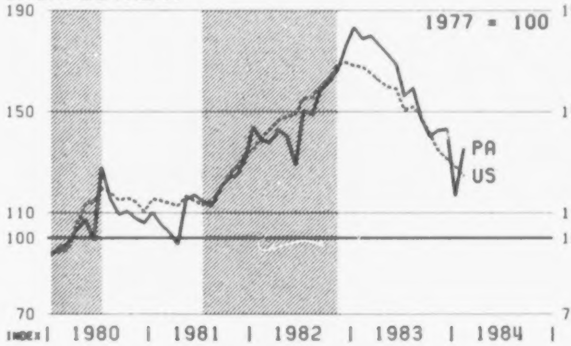
Factory executives have remained cautious, increasing hours worked by employees on the job before hiring back laid-off workers. The length of the average factory workweek in February was at its highest seasonally adjusted level in the 12 years that it has been recorded. With average weekly hours worked so high, we can expect continued increases in manufacturing employment in the months ahead.

The increased hours of work and the higher employment levels in the state's factories in February brought total factory payrolls to their highest seasonally adjusted level since November 1981. But in real (inflation-adjusted) terms, they remained 71 percent of

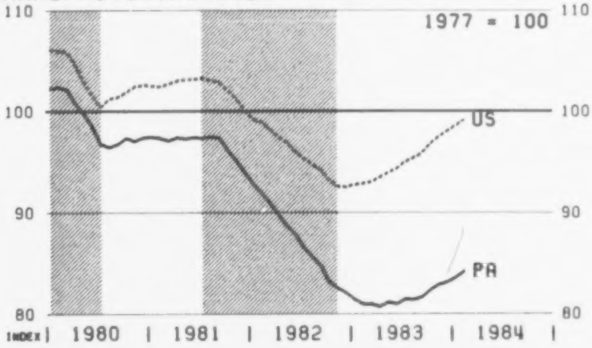
TOTAL EMPLOYMENT



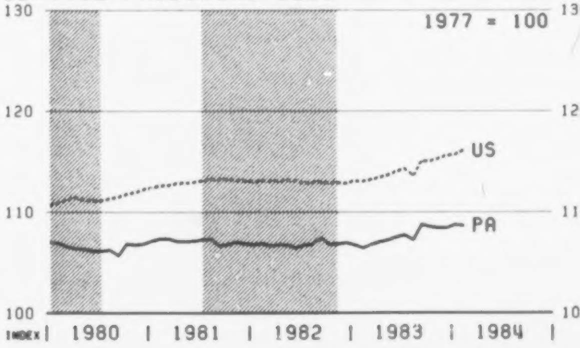
UNEMPLOYMENT



MANUFACTURING JOBS



SERVICE-PRODUCING JOBS



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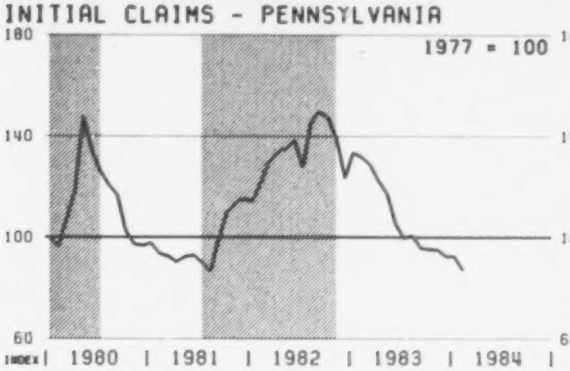

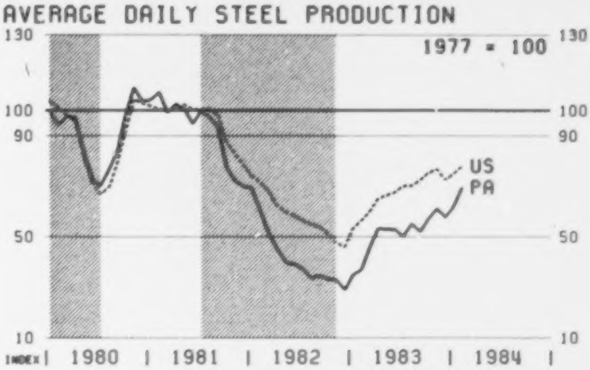

the level 10 years earlier.

The second quarter looks good for Pennsylvania. The index of leading indicators, developed by Nelson Lacey at the Center for Research, rose 1.3 percent in February. That is its strongest gain since August, when it rose 1.9 percent.

All three components of the index contributed to February's rise. Besides average weekly hours, the value of awards for residential buildings rose in February. After adjustment for inflation and seasonal variation, these awards were at their highest monthly level in more than five years.

Economic Activity in Pennsylvania	1984 Jan.	1984 Feb.	1983 Feb.	Seasonally Adjusted Indexes (1977 = 100) 1984 Jan.	Seasonally Adjusted Indexes (1977 = 100) 1984 Feb.	Seasonally Adjusted Indexes (1977 = 100) 1983 Feb.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,500. *	4,513.	4,396.	100.5*	100.7	98.2
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,390. *	3,392.	3,318.	107.5*	107.6	105.3
Manufacturing						
No. of wage and salaried jobs (thous.)	1,107.	1,115.	1,071.	83.6	84.2	80.9
Ave. wkly. hrs. worked by prod. workers	39.9*	40.3	36.9	101.8*	102.9	94.1
Total wkly. person-hours worked (mils.)	30.3*	30.9	26.5	80.6*	82.4	70.7
Total wkly. payroll (mil. dols.)	280.3*	286.9	234.7	129.9*	130.3	106.5
Steel production (thous. tons)	1,339.	1,493.	768.	62.	70.	37.
Industrial electric power sales (mil. kwh)	3,655.	3,762.	3,167.	98.	98.	86.
Mining						
Anthracite coal (thous. net tons)	339.	402.	230.	80.	95.	57.
Bituminous coal (thous. net tons)	5,438.	n.a.	4,854.#	79.	n.a.	72.#
Construction contracts awarded (mil. dols.)						
Total	367.5	294.0	189.0*	162.	168.	113.*
Residential building	97.8	108.3	59.3*	134.	173.	97.*
Other building	172.2	113.4	76.3*	200.	190.	141.*
Nonbuilding (utilities and public works)	97.4	72.3	53.4*	162.	124.	103.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,841.	4,758.	4,621.	104.0	101.4	98.5
Unemployed						
No. of persons (thous.)	542.	586.	760.	116.6	135.3	178.9
Rate (percentage of labor force)	10.1	11.0	14.1			
Rate, seasonally adjusted	8.3	9.8	13.0			
Civilian labor force, no. of persons (thous.)	5,383.	5,344.	5,381.	105.0	104.0	104.7
Initial claims for unemployment benefits	192,531.	112,169.	162,636.	92.7	87.2	131.9

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 Jan.	Urban Indexes (1967 = 100) 1984 Feb.	Urban Indexes (1967 = 100) 1983 Feb.	Percentage Change Month Ago	Percentage Change Year Ago
U.S. city average	305.2	306.6	293.2	+0.5	+4.6
Philadelphia	294.4	296.4	282 0	+0.7	+5.1
Pittsburgh	n.a.	315.5	304.8	n.a.	+3.5
Northeast PA	291.0	n.a.	278.9#	n.a.	+4.3

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised # = figure for Jan. 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
July	101.7	88.0	+0.3	+1.4
August	101.8	87.6	+0.1	−0.5
September	102.6	88.1	+0.8	+0.6
October	102.4	88.9	−0.2	+0.9
November	102.8	89.6	+0.4	+0.8
December	103.3	89.8	+0.5	+0.2
January	103.3	89.9	0.0	+0.1
February	104.6	89.9	+1.3	0.0

A decline in initial claims for unemployment compensation, the third component, also exerted a positive influence on the index. In February, this measure fell to its lowest level since August 1981.

The companion coincidental index was unchanged in February from a month earlier. Increases in manufacturing employment and real weekly earnings were offset by a drop in the measure of total employment from the resident survey.

However, the unseasonal drop in this measure in February was a statistical wobble typical during the latter stages of recovery and does not represent a change in the general direction of economic activity. The seasonally adjusted level of total employment rose again in March and was 6.6 percent above the recession low registered one year earlier.

The same statistical aberration brought the seasonally adjusted unemployment rate up from 8.3 percent in January to 9.8 percent in February and back down to 8.9 percent in March. First quarter's average rate of 9 percent compares to a quarterly high of 13.1 percent in the first quarter of 1983.

Only the usual seasonal increase in sales of electricity to industrial users took place in February. This measure, which reflects short-run changes in industrial activity, remained 9.8 percent below the pre-recession level.

More encouraging were increases in steel and anthracite coal production in February. The seasonally adjusted average daily production of steel in Pennsylvania rose 12.2 percent. Nationwide, steel production rose only 4.1 percent. This brought the Pennsylvania share of national production up to 18.3 percent, the highest since January 1982. But steel output in the state was still only 63 percent of its 1979 average while the nation as a whole was producing at 72 percent of its average that year.

Anthracite production rose 18.1 percent in February to its highest seasonally adjusted level in two years. February production figures for bituminous coal are not available, but in January, production of this type coal was also on the rise, with more coal mined on a seasonally adjusted basis than in any month in over a year.

The construction industry has also been picking up momentum in the state. The value of all contract construction awards in February rose from a month earlier after seasonal adjustment. All of the rise last month is attributable to residential building awards. However, the January-February total was ahead of the two-month total a year earlier in all categories: after adjusting for inflation, residential building awards were 33 percent ahead, commercial building awards were 79 percent ahead, and nonbuilding awards were 87 percent ahead of year-earlier figures.

Inflation continued to rise moderately in Philadelphia and in the nation on average, with monthly rises in the index of consumer prices of 0.7 percent and 0.5 percent, respectively. Pittsburgh experienced a lower over-the-year rise in the CPI than did Philadelphia in contrast to 1983, when Pittsburgh consistently outpaced Philadelphia in price rises.

Norma I. Gavin

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Unemployment Declines Among All Major Groups

In the fourth quarter of 1983, Pennsylvania's seasonally adjusted unemployment rate fell to 10.4 percent of the labor force — a full two percentage points below the year-earlier level and 2.7 percentage points below the first quarter peak. The decline in unemployment was witnessed among all major demographic groups in the state.[1]

The male rate declined seven percentage points from the first quarter peak to 10.5 percent in the fourth quarter but remained above the female rate of 8.9 percent.

The jobless rate for blacks fell below 20 percent for the first time since the fourth quarter of 1981. But at 18.5 percent, the rate reflects continued job search difficulty for this group.

Teens found it even more difficult to find employment. The fourth quarter was the ninth consecutive quarter of joblessness over 20 percent among 16-19 year old labor force participants.

The number of Pennsylvania residents with jobs during the fourth quarter was little changed from a quarter earlier. Increases in the numbers of employed females and blacks were offset by declines in the numbers of employed males, whites, and teenagers.

However, total employment increased over the year. Overall, 2.4 percent more Pennsylvanians were employed last year compared to a year earlier. Black and teenaged state residents did not share in the recovery: fewer persons in these groups were among the employed last year.

Unemployment rates for the nation as a whole were lower than the state rates for all groups. However, only for males and whites were the differences in the rates statistically significant. The total employment level in the nation was unchanged from a quarter earlier but increased more than in the state over the year.

Finally, overall labor force participation rates in Pennsylvania and the nation were basically unchanged from a year ago. Teenage participation rates, reflecting a typical seasonal decline, fell more than 10 percentage points during the fourth quarter in Pennsylvania and the U.S., but both rates are at levels comparable to the year-ago ones.

Employment Data by Sex, Race, and Age — Pennsylvania and the United States

	Number Employed	Percentage Change in Employment		Unemployment Rates			Labor Force Participation Rates		
	1983 IV (in thousands)	Over Quarter	Over Year	1983 IV	1983 III	1982 IV	1983 IV	1983 III	1982 IV
Pennsylvania									
Total, seasonally adjusted	4,957	0.4	——	10.4	11.2	12.4	60.2	60.5	60.1
Total, unadjusted	5,008	- 0.2	2.4	9.8	10.5	11.8	60.6	61.2	60.5
Male	2,857	- 2.1	2.5	10.5	11.1	13.2	72.9	75.2	73.4
Female	2,151	2.5	2.3	8.9	9.8	9.9	49.3	48.5	48.7
White	4,652	- 1.2	3.3	9.2	9.8	10.9	60.8	61.6	61.0
Black	331	17.0	- 8.1	18.5	21.2	21.3	57.2	54.9	55.7
16-19 years old	280	-18.6	- 1.8	21.8	25.0	24.8	49.0	59.4	48.7
United States									
Total, seasonally adjusted	102,506	1.0	——	8.5	9.4	10.6	64.0	64.2	64.0
Total, unadjusted	102,826	- 0.1	3.5	8.2	9.1	10.3	64.0	64.9	64.0
Male	57,680	- 1.2	3.5	8.3	9.0	10.6	75.9	77.6	76.1
Female	45,146	1.4	3.5	8.0	9.3	9.8	53.3	53.5	53.1
White	90,651	0.0	3.4	7.1	7.8	9.1	64.4	65.1	64.3
Black	9,573	- 0.6	4.3	17.3	19.6	19.9	60.7	63.2	61.2
16-19 years old	6,081	-17.0	- 0.4	20.4	20.8	24.1	50.7	60.9	51.6

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor.

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.

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March Marks Moderate Growth

Economic growth in the nation and the state slowed in March.

The slowing in the national economy was apparent in rates of increase smaller than in recent months in industrial production, personal income and nonagricultural employment and in declines in the levels of retail sales, housing starts and new orders for non-defense durable goods.

The moderation in economic growth was evidenced in the state in March by less than seasonal increases in total employment, total factory payrolls, steel and coal production and the value of contract construction awards.

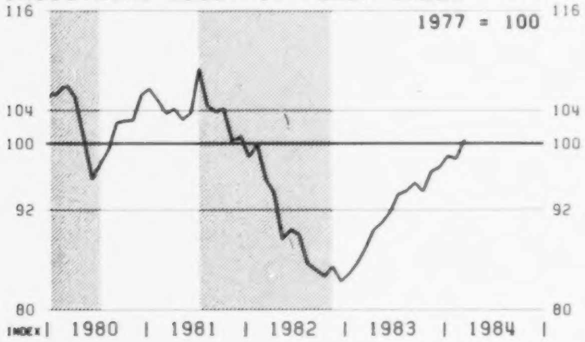
The nation's economy expanded a surprising 8.3 percent in the January-March quarter, but more than half of the first-quarter growth resulted from an accumulation of business inventories as production outpaced final sales.

Inflation-adjusted gross national product is expected to slow sharply in the current quarter. March's slowdown in industrial output and decline in non-defense capital goods are a response to the slowing in sales and will result in less inventory accumulation in the April-June quarter.

Economic indicators suggested a transition to a more moderate rate of growth in the state also. The Pennsylvania composite index of leading indicators fell 0.4 percent after an astounding 1.2 percent rise in February. March's decline was only the second in 13 months.

The companion index of coincidental indicators for the state also fell in March for the second time in 13 months. The 0.2 percent drop followed no change in this index in February.

The slowdown in the economic recovery was particularly evident in state employment data. Total employment from the survey of residents dropped for the second consecutive month after seasonal adjustment, and the seasonally adjusted level of employment in all nonfarm industries from the survey of establishments was unchanged in March. Nationally, both of these measures were above pre-recession levels while in the state they remained 3 to 5 percent below pre-recession peaks.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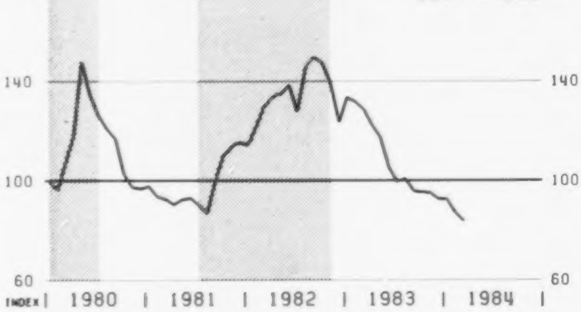
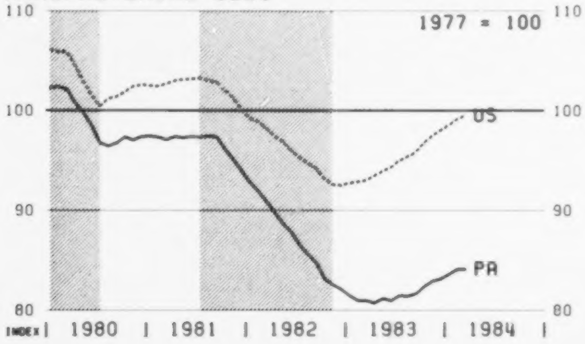
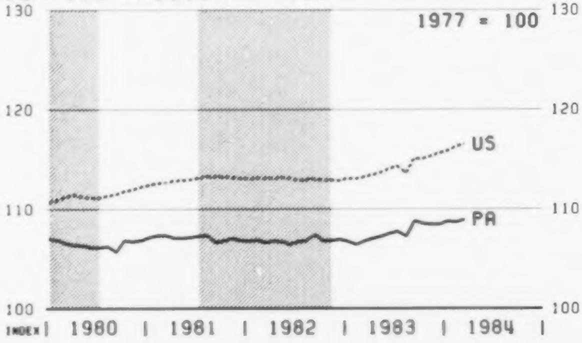
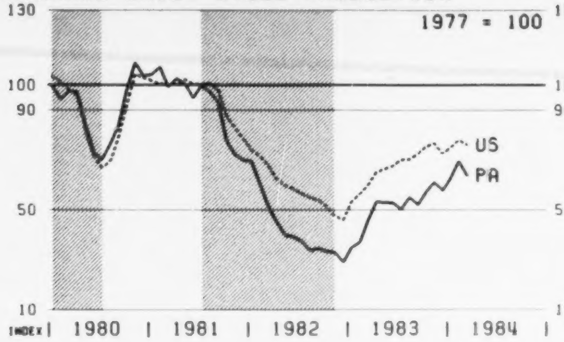

INITIAL CLAIMS - PENNSYLVANIA

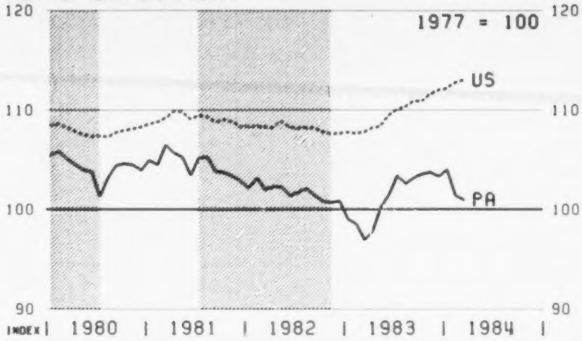

MANUFACTURING JOBS


SERVICE-PRODUCING JOBS

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **May 1984**


AVERAGE DAILY STEEL PRODUCTION


TOTAL EMPLOYMENT

Less than seasonal increases took place in retail trade, construction and mining industries while wholesale trade, transportation, public utilities, finance and other service industries continued to gain jobs at a modest pace. The seasonally adjusted number of factory jobs remained the same from February to March as a slightly greater than seasonal increase in durable goods manufacturing employment was offset by a less than seasonal increase in nondurable goods manufacturing employment.

Employment in durable goods manufacturing industries has been inching up since the first quarter of 1983 but may be set back somewhat in the next few months as

Economic Activity in Pennsylvania	1984 Feb.	1984 Mar.	1983 Mar.	Seasonally Adjusted Indexes (1977 = 100) 1984 Feb.	1984 Mar.	1983 Mar.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,514.*	4,546.	4,436.	100.7	100.7	98.3
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,394.*	3,420.	3,355.	107.7*	107.6	105.6
Manufacturing						
No. of wage and salaried jobs (thous.)	1,113.*	1,119.	1,077.	84.1	84.1	81.0
Ave. wkly. hrs. worked by prod. workers	40.1*	40.1	38.9	102.4*	101.2	98.2
Total wkly. person-hours worked (mils.)	30.8*	30.9	28.2	82.1*	81.2	73.9
Total wkly. payroll (mil. dols.)	286.3*	287.6	248.6	130.0*	128.9	111.4
Steel production (thous. tons)	1,493.	1,619.	1,172.	70.	64.	46.
Industrial electric power sales (mil. kwh)	3,762.	3,771.	3,306.	98.	100.	87.
Mining						
Anthracite coal (thous. net tons)	402.	409.	333.	95.	73.	59.
Bituminous coal (thous. net tons)	6,149.	n.a.	4,395.#	91.	n.a.	68.#
Construction contracts awarded (mil. dols.)						
Total	294.0	461.3	336.6*	168.	134.	95.*
Residential building	108.3	210.4	146.1*	173.	169.	117.*
Other building	113.4	150.7	111.6*	190.	106.	73.*
Nonbuilding (utilities and public works)	72.3	100.3	78.9*	124.	109.	87.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,758.	4,772.	4,582.	101.4	100.9	97.0
Unemployed						
No. of persons (thous.)	586.	506.	738.	135.3	122.5	180.0
Rate (percentage of labor force)	11.0	9.6	13.9			
Rate, seasonally adjusted	9.8	8.9	13.2			
Civilian labor force, no. of persons (thous.)	5,344.	5,278.	5,320.	104.0	102.6	103.3
Initial claims for unemployment benefits	112,169.	100,483.	160,664.	87.2	83.8	128.6

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 Feb.	1984 Mar.	1983 Mar.	Percentage Change Month Ago	Year Ago
U.S. city average	306.6	307.3	293.4	+0.2	+4.7
Philadelphia	296.4	296.7	283.0	+0.1	+4.8
Pittsburgh	315.5	n.a.	304.8#	n.a.	+3.5
Northeast PA	n.a.	293.0	278.9	n.a.	+5.1

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised # = figure for Feb. 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
August	101.7	87.6	0.0	−0.5
September	102.5	88.0	+0.8	+0.5
October	102.4	88.9	−0.1	+1.0
November	102.7	89.5	+0.3	+0.7
December	103.1	89.6	+0.4	+0.1
January	103.1	89.7	0.0	+0.1
February	104.3	89.7	+1.2	0.0
March	103.9	89.5	−0.4	−0.2

the planned closures of U.S. Steel plants are begun. However, at least two-thirds of the workers affected by the elimination of these plants have already been laid off. Therefore, most of the damage from the shutdown of these plants has already been done, and things are not expected to get that much worse.

The same holds true for coal production and the level of sales of electricity to industrial users — two indicators of economic activity greatly affected by fluctuations in steel production. Mining and public utilities have already realized the majority of their losses from the contraction in the steel industry and therefore the closings of the U.S. Steel plants should have minimal additional effect. However, with the permanent loss of a major customer, it will be difficult for these industries to recapture previous levels of production and sales.

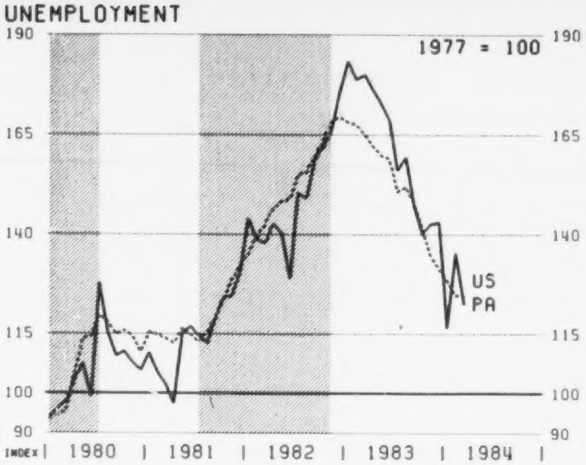
There was a 1.4 percent increase in the average daily production of steel in Pennsylvania in March, but a more than 10 percent increase in production was expected so the seasonally adjusted index for this measure declined 8.2 percent. A less than seasonal increase in total national steel production also took place in March. Nevertheless, the state's share of total national production dropped back to 17.9 percent from 18.3 percent a month earlier.

Despite the disappointing increase in steel production, the seasonally adjusted level of sales of electricity to industrial users rose 2.3 percent in March, which brought it to the average level prevailing in 1977. Industrial electric power sales in the state have not been so high since the end of 1981.

New claims for unemployment compensation also posted significant improvement in March. The seasonally adjusted level of initial claims fell 3.9 percent and was at its lowest level since October 1978.

Other indicators of the state's economy were either unchanged or rose less than seasonally expected in March. The average length of the factory workweek did not change, but since a slight increase usually occurs at this time of year, the seasonally adjusted index for this measure declined. Nevertheless, the index remains at a level higher than at any time from mid-1979 to the end of last year.

The lack of growth in employment and the decline in the seasonally adjusted average workweek brought about a drop in the seasonally adjusted level of factory payrolls. The 1.1 percent decline in March was only the second in 13 months. After adjusting for inflation, the decline was an even greater 1.5 percent.



The value of construction contracts awarded in March was higher than the month earlier for residential and nonresidential buildings, as well as for utilities and public works. However, the increases were all less than the usual seasonal rise. Therefore, the seasonally adjusted indexes declined that month.

The construction industry in the state remained stronger than a year earlier. The first-quarter value of all awards was 53.2 percent ahead of the first-quarter total a year earlier. The largest over-the-year gain was for nonresidential building contracts; the value of these awards was 63 percent more than the year-earlier figure. Commercial building contracts were closely followed by a 61.3 percent gain in nonbuilding awards. Residential building awards, which were relatively high in 1983, trailed with a 39.9 percent gain.

Norma I. Gavin

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Around the State

Southeastern Quarter

Harrisburg

The Harrisburg area economy continued on its general upward trend in the first quarter of the year, but a slowing in economic growth was clearly evident in the first-quarter indicators for the area.

Employment in all nonfarm industries rose to a new high after seasonal adjustment for the second consecutive quarter. The new peak level of jobs came from a 1.4 percent increase in factory jobs and a 0.8 percent job gain in the nonmanufacturing sector.

The commercial building industry in the area was booming, with the value of contract construction awards more than five times their value in the first quarter of 1983. Housing construction also posted a significant 65-percent gain in the value of awards over the year.

However, other indicators for the area show the pace of economic growth moderating. Seasonally adjusted sales of electricity to industrial users were essentially unchanged from a quarter earlier. First-quarter's performance followed three consecutive quarters of increases in 1983, during which sales rose more than 25 percent from the recession low posted in the first quarter of that year.

Furthermore, the seasonally adjusted level of total resident employment fell 0.7 percent in the January-March quarter. This was the first decline in this measure since the first quarter of 1983.

Nevertheless, the labor market remained strong and there was no evidence of a change in the general direction of the economy. Total employment remained higher than at any time before the third quarter of last year, when it soared to new heights, and the seasonally adjusted unemployment rate fell to the relatively low level of 5.8 percent — the second lowest rate among the metropolitan areas in the state.

Further hiring in the area's factories was suggested by the average length of the factory workweek, which rose to its highest level in four years. Although employment in the manufacturing sector remains below the 1979 average, Harrisburg had one of the smallest percentages of factory jobs left to regain among the state's metropolitan areas.

Harrisburg Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	220.6	113.	114.	107.
Unemployed, no. of residents	15.1	112.	120.	164.
Civilian labor force, no. of residents	235.7	113.	114.	110.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	223.9	110.	109.	106.
Nonmfg. only, no. of jobs	182.4	111.	110.	108.
Mfg. only, no. of jobs	41.5	105.	104.	97.
Hrs. worked by production workers in mfg., *ave. weekly*	40.9	104.	102.	97.
Industrial electric power sales	***	93.	93.	74.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	26.1	+ 26.	+ 65.
Nonresidential contracts only	36.6	− 20.	+531.

[1] Cumberland, Dauphin, and Perry Counties

Lancaster

There was no break last quarter in the marked expansion in the Lancaster area economy, which began in early 1983. The average seasonally adjusted unemployment rate for the area dropped to 4.7 percent — the lowest among the state's metropolitan areas and the lowest in the area in four years.

Industrial electric power sales, an indicator of short-run changes in industrial activity, continued to climb to new heights. First-quarter's 3.1 percent increase in the seasonally adjusted level of sales brought about the fourth consecutive quarter that previous record highs for this measure were broken.

Employment in Lancaster's nonfarm industries also continued to grow in the first quarter. A 1.2 percent increase in the seasonally adjusted level of factory jobs and a 1.5 percent increase in nonmanufacturing jobs were registered in the first quarter. The job level in all nonfarm industries rose 5.2 percent from the year earlier, which is one of the largest percentage gains among the state's metropolitan areas. Only Reading with a 6.3 percent increase ranked higher.

The only economic indicator for Lancaster that was down in the first quarter is the seasonally adjusted level of total resident employment, which declined a slight 0.5 percent. The decline may be signalling a moderation in the rate of growth in the recovery: there is no evidence of a change in the general direction of economic growth.

The average length of the factory workweek, at its highest seasonally adjusted level in four years, continues

Lancaster Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	173.4	114.	114.	106.
Unemployed, no. of residents	10.4	107.	126.	182.
Civilian labor force, no. of residents	183.8	113.	115.	110.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	154.1	111.	110.	106.
Nonmfg. only, no. of jobs	97.9	119.	117.	113.
Mfg. only, no. of jobs	56.2	100.	99.	96.
Hrs. worked by production workers in mfg., *ave. weekly*	40.2	102.	101.	96.
Industrial electric power sales	***	120.	116.	99.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	26.4	− 20.	+115.
Nonresidential contracts only	8.2	+128.	+ 37.

[1] Lancaster County

to put pressure on factory employers to hire new employees or laid-off workers to increase production.

The area's construction industry continued to gain strength, with the value of awards for commercial buildings 37 percent ahead of the first quarter level a year ago and the value of awards for residential buildings more than double the year-earlier figure.

Philadelphia

The first quarter of this year marked the fourth consecutive quarter of steady improvement in the Philadelphia area economy.

The seasonally adjusted number of factory jobs rose another 0.6 percent, bringing it to 2.2 percent above the recession low reached in the first quarter of 1983. In the nonmanufacturing sector, the seasonally adjusted employment level rose a smaller 0.3 percent, but employment in this sector reached a new all-time high for the seventh quarter in a row. On the other hand, the factory job level remained 13.2 percent below the level prevailing in 1979, before the two most recent recessions.

Total resident employment in Philadelphia dropped 0.5 percent last quarter after seasonal adjustment, indicating a slowing in economic growth. First-quarter's drop, the first in the area in a year, compares to a 1.4 percent drop in the state as a whole.

Other indicators of employment conditions in the area continued to improve. The seasonally adjusted unemployment rate dropped to 6.8 percent in the first quarter from 7.6 percent in the fourth quarter of last year and a recession high of 9.2 percent in the first quarter. In addition, the average length of the factory workweek rose slightly after seasonal adjustment for the fourth consecutive quarter.

Industrial activity, as measured by sales of electricity to industries, continued to rise at a modest pace. First-quarter's 1.9 percent increase in the seasonally adjusted level of sales brought this measure to 7.2 percent above the recession low registered in the third quarter of 1982 but kept it almost 3 percent below the 1979 average.

Finally, the construction industry remained in good shape compared to a year earlier. Despite declines from a quarter earlier in the value of contract construction awards for both commercial and residential buildings, the values of these awards were significantly above the values in the same period a year earlier.

Philadelphia Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	2,041.0	110.	110.	104.
Unemployed, no. of residents	161.2	86.	96.	113.
Civilian labor force, no. of residents	2,202.2	108.	109.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	1,934.6	107.	106.	104.
Nonmfg. only, no. of jobs	1,540.9	113.	112.	110.
Mfg. only, no. of jobs	391.2	88.	88.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	100.	100.	97.
Industrial electric power sales				
Metropolitan area	...	100.	99.	95.
Chester	...	90.	92.	92.
Philadelphia	...	100.	98.	95.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Quarter Ago		Year Ago
Residential contracts only	183.0	−33.		+53.
Nonresidential contracts only	225.4	− 6.		+82.

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading

Economic activity was at its highest level ever in the Reading area last quarter. Seasonally adjusted levels of employment in all nonfarm industries and sales of electricity to industrial users both registered new quarterly highs.

Industrial electric power sales, which reflect short-run changes in industrial output, rose a seasonally adjusted 4.5 percent in the first quarter. The rise was the sixth consecutive quarterly rise and brought the level of sales 37.8 percent above the recession low in the third quarter of 1982.

The increase in the job level came from a seasonally adjusted 1.7 percent increase in factory jobs and a 0.3 percent increase in nonmanufacturing jobs.

The Reading and State College areas have experienced the largest percentage increases in factory jobs over the year among the metropolitan areas in the state. Nevertheless, the seasonally adjusted factory job level in Reading remained 4 percent below the 1979 average last quarter.

However, the level of factory jobs may soon reach pre-recession levels. Further increases in factory employment are suggested by a relatively long factory workweek. The seasonally adjusted average length of the factory workweek in the Reading area last quarter was longer than in any other quarter since these data have been collected.

At the same time, Reading's seasonally adjusted job

Reading Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	145.9	110.	112.	102.
Unemployed, no. of residents	12.5	120.	137.	206.
Civilian labor force, no. of residents	158.4	110.	113.	108.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	139.0	107.	106.	101.
Nonmfg. only, no. of jobs	86.8	109.	109.	105.
Mfg. only, no. of jobs	52.2	103.	101.	94.
Hrs. worked by production workers in mfg., *ave. weekly*	41.0	106.	105.	98.
Industrial electric power sales	...	130.	124.	99.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Quarter Ago		Year Ago
Residential contracts only	9.1	−41.		+ 10.
Nonresidential contracts only	8.8	+ 7.		+126.

[1] Berks County

level in its nonmanufacturing sector registered a new quarterly high for the third consecutive quarter.

But the pace of economic expansion in the area may be slowing. This was suggested by a 1.5 percent drop in the seasonally adjusted level of total resident employment. First-quarter's decline in this measure was the first since the January-March quarter of last year. Nevertheless, total employment remains at a historically high level for the area.

The seasonally adjusted unemployment rate was also significantly lower. In the first quarter of this year, it dropped to 6.8 percent from 7.6 percent in the fourth quarter of 1983 and from a recession high of 12 percent in the first quarter of last year.

The value of nonresidential building awards was significantly above the depressed level in the first quarter of 1983 while the value of residential building awards was slightly higher but had fallen back considerably from levels in the latter three quarters of 1983.

York

The manufacturing sector continued to drag down the York area economy last quarter. While the seasonally adjusted factory job level rose 1.7 percent from the fourth quarter of 1983 and 5.6 percent from the first quarter of last year, it remained 12 percent below the 1979 average.

At the same time, employment in the area's nonmanufacturing sector was higher than ever before. The 0.4 percent increase in the seasonally adjusted number of nonmanfacturing jobs in the area brought it to 4.1 percent above the recession low registered in the third quarter of 1982.

Average weekly hours worked by production workers fell 0.5 of an hour in the first quarter, but after seasonal adjustment, it rose 0.4 of an hour to 42 hours — its highest level since the fourth quarter of 1973. Therefore, further increases in factory employment are expected in the coming months.

However, the growth in economic activity is expected to slow in the second quarter. Both the seasonally adjusted levels of total resident employment and industrial electric power sales fell back somewhat in the first quarter from levels in the previous quarter.

Total resident employment dropped a seasonally adjusted 0.7 percent in the January-March quarter. This measure was 4.8 percent above the recession low in the first quarter of 1983 but remained 1.3 percent below the 1979 average.

Industrial electric power sales, a short-run indicator of changes in business activity, declined for the first time since the third quarter of 1982. The seasonally adjusted level of sales fell 1 percent last quarter, which brought it to 16.1 percent above the recession low registered six quarters earlier but kept it 9.7 percent below the 1979 average.

The seasonally adjusted unemployment rate fell to 8.7 percent from 9.8 percent in the fourth quarter of 1983 and a recession high of 13.5 percent in the first quarter of last year.

The declines in the jobless rate were aided by declines in the ranks of those working or actively seeking work. The seasonally adjusted civilian labor force dropped 1.9 percent from the last quarter of 1983 and was 0.7 percent lower than in the first quarter.

The value of contract construction awards declined from the quarter earlier but was ahead of values in the same period a year earlier.

York Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	158.7	110.	111.	105.
Unemployed, no. of residents	17.3	156.	180.	245.
Civilian labor force, no. of residents	176.0	113.	115.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	149.6	107.	106.	103.
Nonmfg. only, no. of jobs	91.7	114.	113.	110.
Mfg. only, no. of jobs	57.5	98.	96.	92.
Hrs. worked by production workers in mfg., *ave. weekly*	41.5	102.	101.	96.
Industrial electric power sales	•••	100.	101.	87.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	17.0	− 1.	+ 8.
Nonresidential contracts only	8.9	−20.	+29.

[1] Adams and York Counties

Northeastern Quarter

Lehigh Valley

In the first quarter of 1984, the Lehigh Valley area saw increases in seasonally adjusted job levels for both

Lehigh Valley Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	271.[illegible]	102.	102.	96.
Unemployed, no. of residents	28.3	120.	146.	203.
Civilian labor force, no. of residents	300.1	103.	105.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	249.4	99.	98.	96.
Nonmfg. only, no. of jobs	160.3	110.	110.	107.
Mfg. only, no. of jobs	89.0	83.	82.	81.
Hrs. worked by production workers in mfg., *ave. weekly*	38.9	102.	100.	97.
Industrial electric power sales				
Metropolitan area	•••	104.	106.	99.
Allentown	•••	98.	99.	95.
Bethlehem	•••	108.	110.	99.
Easton	•••	101.	104.	110.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	12.6	− 7.	+32.
Nonresidential contracts only	18.0	− 1.	+43.

[1] Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

manufacturing and nonmanufacturing industries. But while nonmanufacturing jobs registered a new quarterly high for the third quarter in a row, the factory job level remained more than 18 percent below the 1979 average.

Further increases in the area's factory employment are expected. The average length of the factory workweek, which usually turns up before employment levels, rose last quarter for the fourth consecutive quarter. It was at its highest level since record-keeping began in 1972.

However, a slowing in the pace of economic recovery in the area was suggested by slight declines in the seasonally adjusted levels of total resident employment and industrial electric power sales.

Total resident employment fell a seasonally adjusted 0.5 percent from the fourth quarter of 1983 after three consecutive quarterly increases. Declines in the civilian labor force helped bring down the seasonally adjusted jobless rate to 8.2 percent from 9.9 percent in the fourth quarter of 1983 and a recession high of 13.9 percent in the first quarter of last year.

Industrial electric power sales, which indicate short-run changes in business activity, declined throughout the area for the first time since the end of 1982. Sales in Allentown fell 1.1 percent for the quarter but improved during March. Although sales in Bethlehem were 1.5 percent lower than in the fourth quarter of 1983, they were 22.2 percent higher than the recession low recorded during the fourth quarter of 1982. Sales in Easton declined 3.2 percent but remained almost 2 percent above its low in the third quarter of 1983.

The value of construction contracts awarded declined during the quarter from a quarter earlier, but much of the decline was typical for the first of the year. The value of residential awards was 32 percent ahead of the first-quarter value a year earlier while the value of nonresidential awards was 43 percent ahead of last year's value in the January-March quarter.

Northeast

The Northeast metropolitan area inched toward recovery in the first quarter. The seasonally adjusted unemployment rate remained in double digits but fell 0.8 of a percentage point to 10.5 percent.

The seasonally adjusted level of employment in all nonfarm industries rose only 0.2 percent from the fourth quarter of 1983. A strong 2.2 percent rise in the manufacturing sector was offset by a 0.5 percent drop in the nonmanufacturing sector.

Further gains in factory employment are expected in the second quarter. The factory workweek lengthened another 0.5 of an hour after seasonal adjustment. The increase brought this indicator of future employment changes to its highest recorded level for the area.

The seasonally adjusted factory job level was still almost 13 percent below the average level in 1979, the year before the two most recent recessions. The nonmanufacturing job level stood at about the same level as prevailed in 1979.

Industrial electric power sales lost during the recession had been regained by the first quarter. The seasonally adjusted level of sales rose 4.2 percent in Lackawanna County and 6.3 percent in Luzerne County last quarter, bringing total sales in the metropolitan area to their highest level since the third quarter of 1973.

Awards for future commercial building construction lost some steam from their strong showing in the second half of 1983. The value of awards for housing construction also dropped from levels seen last year. However, both residential and nonresidential building contracts were at relatively high levels for the area.

The 1.4 percent drop in the seasonally adjusted level of total resident employment also suggests a slowing in the pace of economic recovery in the area. The decline was the first for this measure in a year.

Williamsport

The Williamsport area economy had its best quarter in a long time last quarter but economic activity lagged behind 1979 levels.

Williamsport was the only metropolitan area in the state in which the seasonally adjusted level of total resident employment rose in the January-March quarter. The 0.7 percent increase brought this measure to a level 6.4 percent higher than the recession low registered in the first quarter of 1983 but kept it 3.7 percent below the 1979 average.

Northeast Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents				
Northeast metropolitan area	250.7	104.	105.	101.
Lackawanna County[2] only	89.2	104.	105.	101.
Luzerne County[3] only	134.3	104.	105.	101.
Unemployed, no. of residents				
Northeast metropolitan area	33.3	111.	121.	131.
Lackawanna County[2] only	10.7	99.	104.	119.
Luzerne County[3] only	18.8	115.	130.	135.
Civilian labor force, no. of residents				
Northeast metropolitan area	284.0	104.	107.	104.
Lackawanna County[2] only	99.9	103.	105.	102.
Luzerne County[3] only	153.1	105.	108.	104.
Local industries, Northeast metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	230.5	101.	101.	99.
Nonmfg. only, no. of jobs	166.4	105.	106.	105.
Mfg. only, no. of jobs	64.0	90.	88.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	37.8	105.	104.	102.
Industrial electric power sales				
Northeast metropolitan area	...	105.	100.	95.
Lackawanna County[2] only	...	103.	99.	95.
Luzerne County[3]	...	101.	95.	90.
Hazleton	...	90.	86.	85.
Wilkes-Barre	...	107.	99.	86.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	21.6	−19.	−22.
Nonresidential contracts only	14.6	−36.	+148.

[1] Lackawanna, Luzerne, and Monroe Counties
[2] Includes Scranton
[3] Includes Wilkes-Barre and Hazleton

At the same time, the seasonally adjusted unemployment rate in the area declined to 11.6 percent from 12.9 percent in the fourth quarter of 1983 and from a recession high of 15.5 percent in the first half of last year.

Job gains were seen in both the manufacturing and nonmanufacturing sectors. The seasonally adjusted factory job level jumped 6.4 percent last quarter, bringing it to 9.5 percent above the recession low registered in the third quarter of 1983. However, it remained nearly 17 percent below the 1979 average.

The seasonally adjusted job level in the area's nonmanufacturing sector rose for the sixth consecutive quarter and stood at the 1979 average in the first quarter.

A big jump was also seen in the seasonally adjusted level of industrial electric power sales for the Williamsport area. The 7.9 percent increase followed a slight setback in the fourth quarter of last year and brought the level of sales to 6.4 percent below the 1979 average. Sales have increased 11.5 percent from the recession low in the final quarter of 1982.

Average weekly hours worked by production workers in manufacturing industries rose 0.6 of an hour after seasonal adjustment and stood just below the 1979 average.

Finally, construction activity slacked off a bit from the fourth quarter of last year but was up from levels in the same quarter a year ago.

Williamsport Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	45.2	100.	99.	94.
Unemployed, no. of residents	6.8	134.	150.	174.
Civilian labor force, no. of residents	51.9	103.	104.	101.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	44.4	98.	95.	94.
Nonmfg. only, no. of jobs	29.7	107.	105.	103.
Mfg. only, no. of jobs	14.8	84.	80.	78.
Hrs. worked by production workers in mfg., *ave. weekly*	39.3	101.	99.	99.
Industrial electric power sales	***	98.	91.	88.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Quarter Ago		Year Ago
Residential contracts only	1.8	−28.		+39.
Nonresidential contracts only	0.1	−96.		+ +

[1]Lycoming County

Northwestern Quarter

Erie

Economic recovery in the Erie metropolitan area has been slow and may be even slower in the months to come. The seasonally adjusted levels of total resident employment and industrial electric power sales fell back slightly in the first quarter, following several quarters of increases.

Total resident employment dropped 0.5 percent last quarter after seasonal adjustment but was 4.3 percent above the recession low registered a year earlier. The employment level remained almost 7 percent below the 1979 average.

The seasonally adjusted level of industrial electric power sales in the area decreased for the first time on a quarterly basis since the end of 1982. Sales were 0.6 percent lower than the fourth-quarter-1983 level but were still 13.3 percent higher than the recession low registered during the fourth quarter of 1982. Nevertheless, electric power usage remained 22.7 percent below the 1979 average.

The job level in all nonfarm industries rose during the first quarter of 1984 after adjustment for usual seasonal variation. The increase was concentrated in the manufacturing industries: the seasonally adjusted factory job level during the quarter was 2.9 percent higher than in the fourth quarter of 1983 and 4.1 percent higher than in the first quarter of that year.

On the other hand, the seasonally adjusted nonmanufacturing job level fell for the second consecutive quarter. Employment in these industries was 0.6 percent lower during the quarter than during the final quarter of 1983. The job level was less than 1 percent higher than last year's recession low.

The seasonally adjusted average length of the factory workweek rose 0.9 of an hour in the January-March quarter. Production workers were putting in more hours a week than in any quarter since the first quarter of 1980.

The seasonally adjusted unemployment rate in the area was still in double digits in the first quarter of the year but was down to 10.8 percent from 12.6 percent in the fourth quarter of 1983 and a recession high of 16.7 percent in the first quarter of last year.

Commercial construction slacked off a bit during the first quarter and residential construction had only modest gains. However, the value of construction contracts for both types of buildings remained substantially above 1983 levels. The value of residential awards was 39 percent higher during the first quarter of 1984 than a year earlier while the value of nonresidential contracts increased nearly 137 percent from the first quarter of 1983.

Sharon

The Sharon area economy remained mired down from the effects of the recession and the contraction in the steel industry.

There has been no improvement in the seasonally adjusted level of factory employment in the area. Almost 38 percent fewer workers were employed in Sharon's factories in the first quarter of this year than in 1979.

The decline in factory employment has had ripple effects on the area's nonmanufacturing sector. Last quarter's 1.4 percent increase in the seasonally adjusted number of nonmanufacturing jobs was the first rise in

Erie Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	105.8	98.	99.	94.
Unemployed, no. of residents	14.4	146.	174.	229.
Civilian labor force, no. of residents	120.2	102.	104.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	103.8	95.	95.	93.
Nonmfg. only, no. of jobs	68.2	103.	104.	102.
Mfg. only, no. of jobs	35.0	83.	80.	79.
Hrs. worked by production workers in mfg., *ave. weekly*	41.4	101.	99.	97.
Industrial electric power sales	***	84.	85.	75.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	5.4	+ 4.	+ 39.
Nonresidential contracts only	9.7	−55.	+137.

[1] Erie County

Sharon Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	42.4	90.	91.	89.
Unemployed, no. of residents	7.4	170.	188.	282.
Civilian labor force, no. of residents	49.8	97.	99.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	38.9	88.	87.	89.
Nonmfg. only, no. of jobs	28.5	101.	100.	101.
Mfg. only, no. of jobs	10.5	65.	65.	67.
Industrial electric power sales	***	109.	109.	101.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	2.4	−63.	+50.
Nonresidential contracts only	3.3	+83.	+65.

[1] Mercer County

Altoona Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	46.6	94.	93.	90.
Unemployed, no. of residents	7.5	169.	180.	237.
Civilian labor force, no. of residents	54.1	99.	100.	100.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	45.1	91.	89.	88.
Nonmfg. only, no. of jobs	34.2	93.	92.	91.
Mfg. only, no. of jobs	10.9	86.	84.	82.
Hrs. worked by production workers in mfg., *ave. weekly*	38.6	102	103.	100.
Industrial electric power sales	***	85.	79.	76.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	2.6	− 26.	+ 37.
Nonresidential contracts only	3.9	+225.	+129.

[1] Blair County

this measure in a year and a half.

Total resident employment fell back 0.7 percent in the first quarter after seasonal adjustment. The measure was a small 1.2 percent above the recession low registered in the first quarter of 1983 and remained almost 13 percent below the level prevailing in 1979.

The seasonally adjusted unemployment rate fell to 13.4 percent from a quarterly high of 20.9 percent a year ago. However, the improvement in this measure masks the real extent of joblessness in the area. Many laid-off factory workers have given up looking for work and therefore are no longer counted in the ranks of the unemployed. Over the year, there has been a more than 7 percent drop in the area's civilian labor force.

Industrial electric power sales have leveled off at 8.3 percent below the quarterly high registered in the third quarter of 1981. Nevertheless, they have risen nearly 28 percent from the recession low in the third quarter of 1982.

Southwestern Quarter

Altoona

The Altoona area economy remained in the doldrums in the first quarter of the year, but improvements from recession lows were seen in all measures.

The seasonally adjusted unemployment rate was down to 12.1 percent from a fourth-quarter-1983 level of 13.2 percent and a high of 18.3 percent in the second quarter of 1983. Last quarter's rate was aided by a 3.8 percent decline over the last two quarters in the seasonally adjusted number of persons participating in the labor force.

The seasonally adjusted level of total resident employment in the area was unchanged from year end but was 4.3 percent higher than in the first quarter of 1983.

Both manufacturing and nonmanufacturing industries showed gains in employment after seasonal adjustment. The seasonally adjusted factory job level increased 2.8 percent from the fourth quarter of 1983 and was 4.7 percent above the recession low of a year ago. The nonmanufacturing job level increased a smaller 1.4 percent from a quarter earlier on a seasonally adjusted basis and was 2.3 percent above the recession low in the first quarter of 1983.

But seasonally adjusted job levels in both sectors were far below pre-recession levels: the factory job level was 14.5 percent below the 1979 average while the nonmanufacturing job level was 9.7 percent below its 1979 average.

The average length of the factory workweek decreased 0.4 of an hour last quarter for its first decline since the fourth quarter of 1982. Production workers were still working fewer hours than in 1979, leaving room for employers to increase production by increasing the time worked by hourly workers before increasing the work force.

An increase in the seasonally adjusted level of industrial electric power sales suggests improvements in business activity. Sales in the Altoona area were 7.5 percent higher than in the fourth quarter of 1983 and 16.8 percent higher than the recession low in the last quarter of 1982. However, electric power sales were still more than 20 percent lower than 1979 levels.

The area's construction industry picked up momentum from a year earlier. In the first quarter of this year, the value of residential building contract awards was 37 percent ahead of the last year's first-quarter value while the value of awards for commercial buildings more than doubled over the year.

Johnstown

After making some progress in the latter half of 1983, the Johnstown area economy appeared to be stalled in the first quarter of 1984.

The seasonally adjusted job level in all nonfarm industries fell 0.4 percent from a quarter earlier but remained 3.3 percent above the recession low registered in the second quarter of last year. The decline came from a 3.1 percent drop in the seasonally adjusted number of factory jobs; seasonally adjusted employment in the area's nonmanufacturing sector was unchanged from a quarter earlier.

Johnstown was the only metropolitan area in the state that experienced a more than seasonal loss of factory jobs in the first quarter. With the closing of the U.S. Steel plant, further factory job losses may occur in the second quarter. However, because many of the workers are already laid off, the impact of the closing on the number of unemployed may be minimal.

The average length of the factory workweek, which turns up before employment levels, was at its highest level since the fourth quarter of 1979, suggesting that other area factories may be hiring soon.

The Bethlehem Steel Corporation's electric furnace was operational in the first quarter, which brought the seasonally adjusted level of industrial electric power sales to its highest quarterly level ever. The 28.5 percent increase in sales last quarter was the fourth consecutive quarterly rise in this measure.

Overall, the area economy remained in the doldrums. Although the seasonally adjusted unemployment rate fell to 14.4 percent from a high of 23.3 percent in the first quarter of last year, it remained the highest among the metropolitan areas of the state. In addition, if there had not been a 5.4 percent drop in the seasonally adjusted civilian labor force — the sum of those working and those looking for work — the jobless figures would have been even worse.

Commercial building construction activity in the area remained at dismal levels in the January-March quarter. However, housing construction continued to increase.

Pittsburgh

The recovery in the Pittsburgh area so far has had very little impact on employment conditions. Employment in all nonfarm industries on a seasonally adjusted basis

Johnstown Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	82.8	87.	89.	83.
Unemployed, no. of residents	16.2	135.	152.	229.
Civilian labor force, no. of residents	99.1	92.	95.	97.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	73.3	85.	85.	83.
Nonmfg. only, no. of jobs	60.6	93.	93.	91.
Mfg. only, no. of jobs	12.3	59.	61.	57.
Hrs. worked by production workers in mfg., *ave. weekly*	38.3	99.	96.	89.
Industrial electric power sales	***	131.	102.	71.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	9.7	+64.	+94.
Nonresidential contracts only	1.8	+80.	−38.

[1] Cambria and Somerset Counties

Pittsburgh Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	860.1	97.	96.	95.
Unemployed, no. of residents	121.1	177.	200.	252.
Civilian labor force, no. of residents	981.2	102.	105.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	845.6	94.	94.	94.
Nonmfg. only, no. of jobs	680.4	105.	104.	104.
Mfg. only, no. of jobs	164.4	67.	66.	68.
Hrs. worked by production workers in mfg., *ave. weekly*	40.7	100.	100.	94.
Industrial electric power sales	***	79.	73.	58.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	75.8	− 8.	+47.
Nonresidential contracts only	111.1	+61.	+24.

[1] Allegheny, Beaver, Washington, and Westmoreland Counties

State College Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	46.7	114.	116.	109.
Unemployed, no. of residents	4.6	155.	184.	232.
Civilian labor force, no. of residents	51.3	116.	120.	116.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	47.0	116.	116.	113.
Nonmfg. only, no. of jobs	39.2	115.	116.	113.
Mfg. only, no. of jobs	7.8	121.	117.	110.
Industrial electric power sales	***	103.	98.	86.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	9.6	+41.	+88.
Nonresidential contracts only	4.1	+17.	++

[1] Centre County

continued to decline through the second quarter of 1983 and had risen a meager 0.4 percent by the first quarter of this year.

The seasonally adjusted job level in the area's factories remained nearly 35 percent below the level prevailing in 1979. Further losses are expected in the second quarter as the closings of several U.S. Steel plants are begun in April. But the losses should be minimal; most of the workers affected have already been laid off and are therefore already counted among the ranks of the unemployed.

Further ripple effects on the area's nonmanufacturing industries are also expected to be small. The seasonally adjusted job level in these industries remain 1 percent below their 1979 average.

Total resident employment in the first quarter fell a seasonally adjusted 1.4 percent in the area as it did in the state as a whole. This measure has increased 2 percent from the recession low reached in the first quarter of last year but is still almost 8 percent below pre-recession levels.

The seasonally adjusted unemployment rate fell to 11.4 percent in the January-March quarter from 12.5 percent in the fourth quarter of 1983 and from a recession high of 15.8 percent in the first quarter a year ago. However, the improvement in this statistic is largely due to the 3 percent decline in the civilian labor force over the year.

The only unqualified good news on the area's employment situation was another small increase in the average length of the factory workweek. Average weekly hours worked by production workers in the area's factories last quarter were at their highest level in three years.

Despite the dismal employment statistics, economic activity in the area has picked up from recession lows. The seasonally adjusted level of industrial electric power sales, which reflects short-run changes in industrial production, has risen 40 percent from the recession low in the fourth quarter of 1982. But the measure remains 26.1 percent below its 1979 average.

The value of contract construction awards for commercial buildings was up 24 percent from the level in the first quarter of 1983 but was lower than levels seen in the area in the first quarters of the previous three years — even before adjusting for inflation. Housing construction awards were above last year's first quarter awards in value but were below the high seen in 1979.

State College

The State College area economy continued to expand in the first quarter of the year. The seasonally adjusted level of jobs in all nonfarm industries registered a new high for the third quarter in a row, and the seasonally adjusted jobless rate fell to 8 percent — a full 4 percentage points below the quarterly high of the recession reached a year earlier.

However, a slowing in the expansion was evident in a 1.7 percent drop in the seasonally adjusted level of total resident employment and a slight 0.3 percent drop in the seasonally adjusted number of jobs in the area's nonmanufacturing sector. Despite the declines, both measures remained at historically high levels.

The factory job level increased 4 percent in the first quarter after seasonal adjustment. The State College and Reading areas had the greatest percentage increases in this measure over the year among the state's metropolitan areas. But the manufacturing sector is smaller in Centre County than in most other areas. In 1983, this sector accounted for less than 16 percent of all nonfarm industry jobs in the State College metropolitan area compared to 24 percent in the state as a whole.

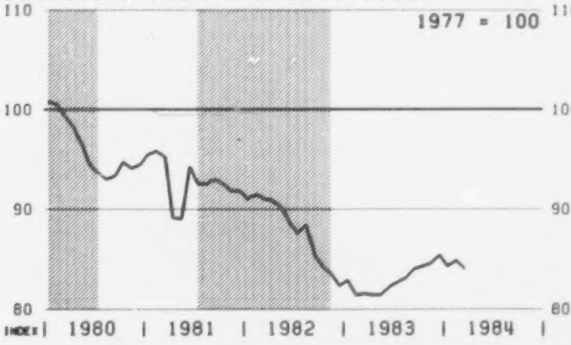
The area's construction industry recovered from a disastrous first quarter last year, with a strong showing this year in both housing and commercial building contract awards. Residential building contracts rose 41 percent in value from fourth quarter 1983 while nonresidential building contracts rose 17 percent.

Industrial electric power sales rose a seasonally adjusted 5.2 percent last quarter, which brought the measure above the 1979 average but kept it just below the all-time high registered in the second quarter of 1979.

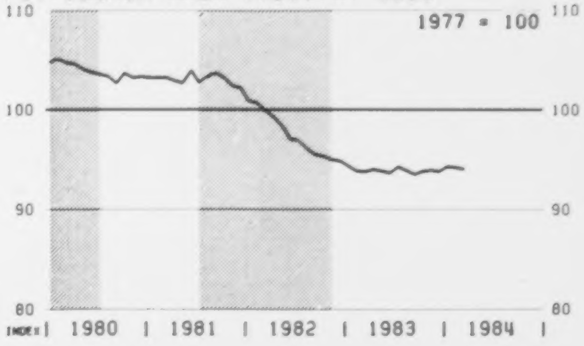
— Norma I. Gavin
and Anita J. Katz

Area Graphs

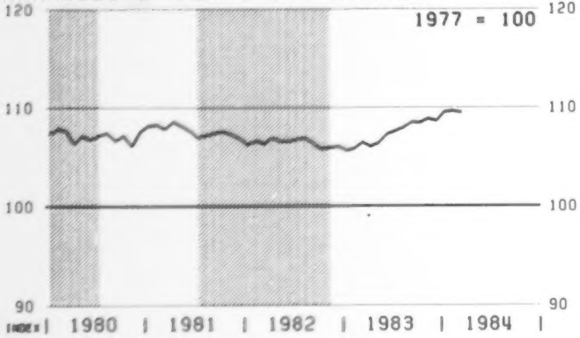
JOHNSTOWN AREA INDUSTRY JOBS



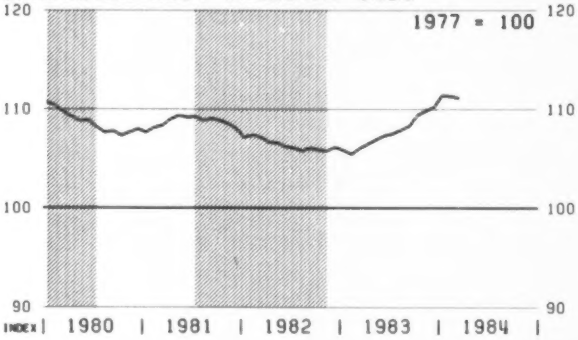
PITTSBURGH AREA INDUSTRY JOBS



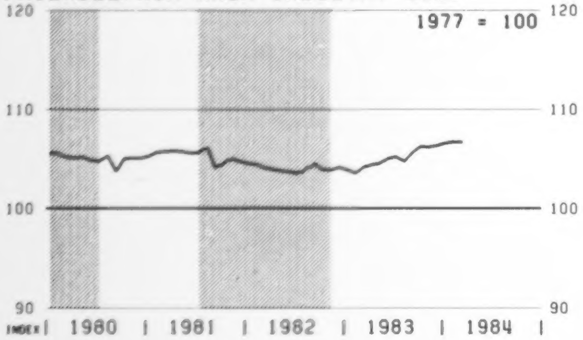
HARRISBURG AREA INDUSTRY JOBS



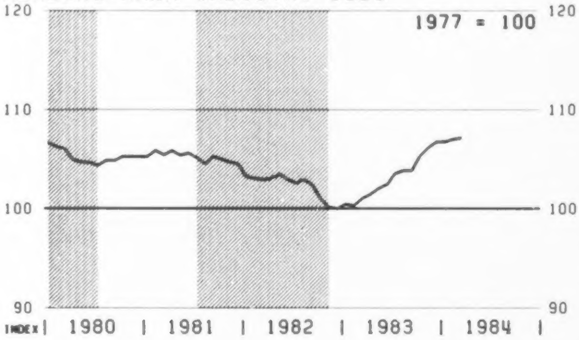
LANCASTER AREA INDUSTRY JOBS



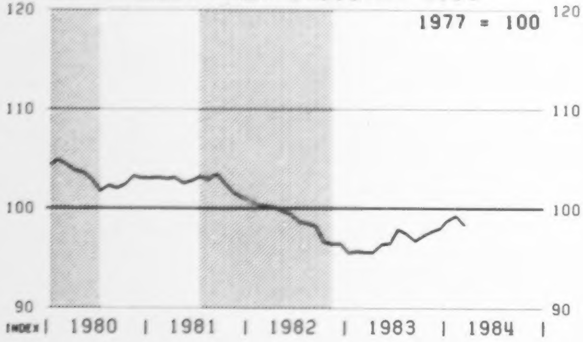
PHILADELPHIA AREA INDUSTRY JOBS



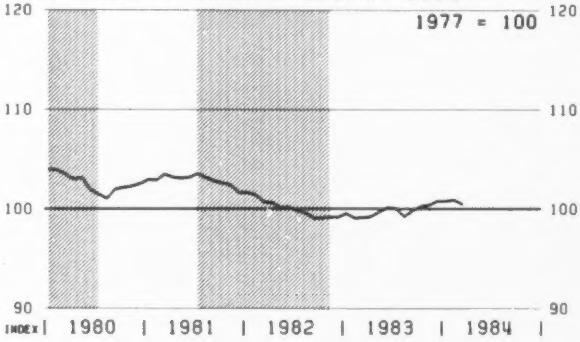
READING AREA INDUSTRY JOBS



LEHIGH VALLEY AREA INDUSTRY JOBS



NORTHEAST PA AREA INDUSTRY JOBS



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Economy Posts Small Advances in April

The Pennsylvania economy was little changed in April from a month earlier, but the changes that did occur were mostly for the better.

Both the composite indexes of leading and coincidental indicators for Pennsylvania rose only 0.2 percent in April, after falling 0.3 percent in March. The leading index, which typically reaches peaks and troughs in the business cycle before the coincidental index, has been moving pretty much in unison with the latter index in this recovery.

These measures of the general direction of the state's economy rose steeply in the first half of last year, more moderately in the second half of the year, and even more slowly and jaggedly so far this year.

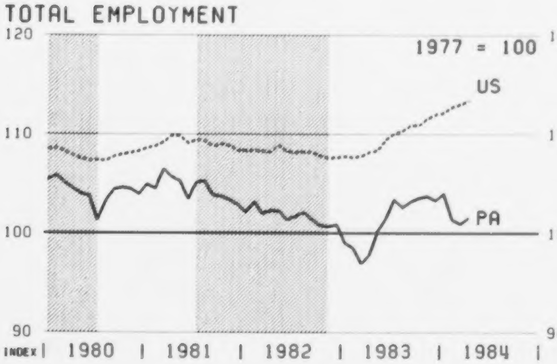
Individual indicators show some definite improvement in the economy in April. The measure of total employment from the survey of state residents rose a seasonally adjusted 0.6 percent. Furthermore, indicators suggest increased activity in the state's factories, mines, and building industries.

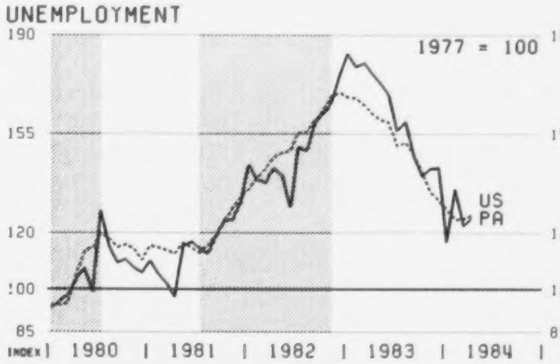
Nonagricultural payroll employment rose by 52,900 workers in April. Gains were widespread, with employment in every major industry group showing an increase from a month earlier.

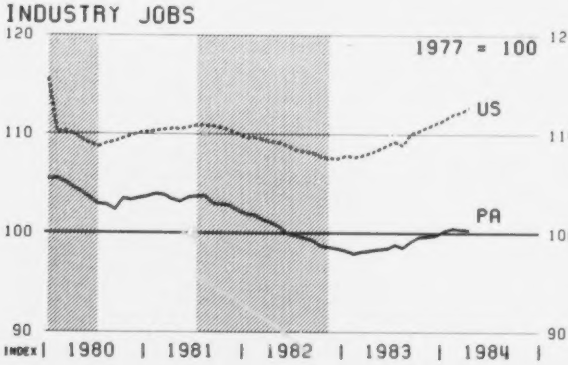
However, the overall 1.2 percent increase was no more than the usual seasonal rise. More than seasonal employment increases in construction, public utilities, and mining industries were offset by less than seasonal gains in manufacturing, transportation, and wholesale and retail trade industries. Job levels in the finance, insurance, and real estate industry group and in the miscellaneous service group were unchanged after seasonal adjustment.

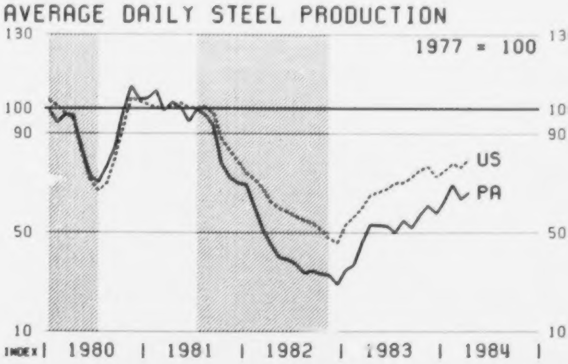
April's increase in the seasonally adjusted level of total employment from the resident survey follows two months of decline during which 44 percent of the gains made since the recession low in March 1983 were again lost. In April, only a small fraction of these jobs were regained.

The number of Pennsylvanians looking for work fell but not as much as is typical for April in recent years. Therefore, the seasonally adjusted number of jobless









PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University June 1984

residents rose 2.1 percent from March's level.

The percentage of persons in the civilian labor force that were without jobs rose 0.3 of a percentage point to 9.2 percent but remained a full 4 percentage points below the recession high in January and March of 1983.

The seasonally adjusted level of new claims for unemployment compensation rose 3.8 percent to 124,558 claims. However, April's level was only 58 percent of the level 19 months ago, when the number of new claims began a steep decline.

Activity in Pennsylvania's factories continued to pick up at a modest pace in April. The seasonally adjusted average length of the factory workweek rose back up to February's level. The index for this measure was at its highest level recorded in the more than 12 years that the data have been kept.

The increase in total hours worked brought factory payrolls up 1.3 percent after adjusting for inflation and regular seasonal variation. Adjusted payrolls were up 16.3 percent from the recession low in February 1983 but remained 25.8 percent below the average level prevailing in 1979, before the two most recent recessions.

Steel production in the state rose a seasonally adjusted 4.2 percent in April from a month earlier and was 24.5 percent higher than the seasonally adjusted level a year ago. However, production remained just slightly more than 60 percent of the average monthly level in 1979. Furthermore, the 130,200 workers employed in the state's steel mills in April represent less than 64 percent of the average 204,100 steel workers employed in Pennsylvania that year.

Nationally, steel production increased a slightly higher 4.5 percent in April, bringing the percentage produced in Pennsylvania down to 17.3 percent from 17.8 percent in March.

The amount of anthracite coal produced in the state fell in April, but the drop was short of the usual

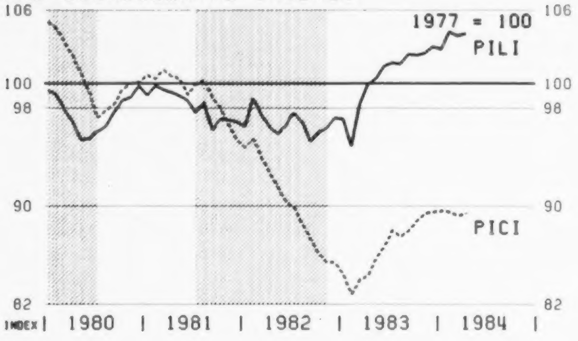
Economic Activity in Pennsylvania	1984		1983	Seasonally Adjusted Indexes (1977 = 100) 1984		1983
	Mar.	*Apr.*	*Apr.*	*Mar.*	*Apr.*	*Apr.*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,543.*	4,596.	4,497.	100.6*	100.6	98.4
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,418.*	3,466.	3,411.	107.5*	107.5	105.8
Manufacturing						
No. of wage and salaried jobs (thous.)	1,118.*	1,123.	1,081.	84.0*	83.9	80.7
Ave. wkly. hrs. worked by prod. workers	40.2*	40.3	38.9	101.4*	102.5	98.9
Total wkly. person-hours worked (mils.)	31.0*	31.3	28.2	81.2	82.1	74.5
Total wkly. payroll (mil. dols.)	287.1*	291.3	250.9	128.7*	130.8	112.6
Steel production (thous. tons)	1,619.	1,557.	1,249.	64.	66.	53.
Industrial electric power sales (mil. kwh)	3,771.	3,688.	3,276.	100.	99.	90.
Mining						
Anthracite coal (thous. net tons)	409.	358.	269.	73.	79.	58.
Bituminous coal (thous. net tons)	8,189.	n.a.	5,627.†	109.	n.a.	74.†
Construction contracts awarded (mil. dols.)						
Total	461.3	558.9	401.6*	134.	158.	113.*
Residential building	210.4	210.6	202.5*	169.	119.	122.*
Other building	150.7	154.1	135.7*	106.	141.	124.*
Nonbuilding (utilities and public works)	100.3	194.2	63.4*	109.	261.	79.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,772.	4,829.	4,649.	100.9	101.5	97.8
Unemployed						
No. of persons (thous.)	506.	488.	693.	122.5	125.0	176.3
Rate (percentage of labor force)	9.6	9.2	13.0			
Rate, seasonally adjusted	8.9	9.2	12.9			
Civilian labor force, no. of persons (thous.)	5,278.	5,317.	5,342.	102.6	103.3	103.8
Initial claims for unemployment benefits	100,483.	117,950.	162,547.	83.8	87.0	122.6

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984		1983	Percentage Change	
	Mar.	*Apr.*	*Apr.*	*Month Ago*	*Year Ago*
U.S. city average	307.3	308.8	295.5	+0.5	+4.5
Philadelphia	296.7	298.2	283.5	+0.5	+5.2
Pittsburgh	n.a.	318.6	305.2	n.a.	+4.4
Northeast PA	293.0	n.a.	278.9†	n.a.	+5.1

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.

[1] Total includes workers on strike. * = figure revised † = figure for Mar. 1983 n.a. = data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.



PENNSYLVANIA COMPOSITE LEADING AND COINCIDENTAL INDEXES

seasonal decline. Thus, the seasonally adjusted level rose. The 8.7 percent increase brought the measure to a level 38.9 percent higher than the recession low in February 1983.

The amount of bituminous coal mined in Pennsylvania has been increasing at an increasing rate since December. In March, the latest month for which data are available on this measure, the seasonally adjusted level of bituminous coal mined in the state soared 20.7 percent, bringing it to almost 50 percent above the monthly amount mined on average last year.

The value of construction contracts awarded picked up in April from a month ago. The rise came from increases in the value of nonresidential building contracts and nonbuilding contracts.

April is typically a month with one of the highest values of awards for residential buildings. However, this April the value of these awards remained at the level of a month earlier. Therefore, the seasonally adjusted index for this measure declined substantially.

The cumulative total value of awards for the first four months of the year was greater than the corresponding value for the first four months of last year in all the major structure classes. The value of residential building awards rose 25.4 percent from last year, the value of nonresidential building awards rose 48.1 percent, and the value of nonbuilding awards doubled.

The greatest increases in housing and nonbuilding awards occurred in the western half of the state while the greatest rise in commercial building awards was in the eastern half.

The slow, painful road of the current recovery was evident in industrial electric power sales in April. The seasonally adjusted sales of electricity to industrial users in the state fell back a slight 1.7 percent that month. This measure, which has risen 18.3 percent from the low in December 1982, remained almost 8 percent below the average monthly level in 1979.

The consumer price index for Philadelphia rose 0.5 percent in April from a month earlier and 5.2 percent from the same month a year earlier. The over-the-year increase was the highest in the area since June 1982 but remained moderate. The index in Pittsburgh rose a smaller 4.4 percent over the year.

— *Norma I. Gavin*

Personal Income Growth Remains Moderate

Varies Within the State

Total personal income in Pennsylvania rose 5.4 percent in 1983 from the 1982 level. This increase was smaller than the national average increase of 6.2 percent but larger than the increase in consumer prices.

Prices, as measured by the implicit price deflator for personal consumption expenditures, rose 3.9 percent last year.

Personal income is current income received by persons from all sources, including transfer payments from government and business but excluding transfer payments from other sources.

Contributing to the increase in personal income were large payroll gains in construction, private service-type industries, and state and local government. The smallest nonfarm payroll increases occurred in transportation, public utilities, and the federal government.

The 1983 increase in total personal income is slightly higher than the 5 percent increase in 1982, when the state experienced its smallest rise in this measure since 1971.

However, income growth is not evenly distributed throughout the state. This is evident from 1982 income figures, the most recent data available for sub-state regions.

In 1982, total personal income rose 5.2 percent in the state's metropolitan counties and a smaller 3.8 percent in the nonmetropolitan counties. Among the metropolitan areas, Sharon with a 1.6 percent decline and Johnstown with a 2.1 percent increase were on the low end of the spectrum while Philadelphia and State College with 6.6 percent and 6.7 percent increases, respectively, were on the high end.

Total and Per Capita Personal Income, 1983

	1983	Percentage Change 1982-83
United States		
Total personal income (mil. dols.)	2,731,791	6.2
Per capita income	11,675	5.2
Pennsylvania		
Total personal income (mil. dols.)	136,912	5.4
Per capita income	11,510	5.3

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, April 1984.

Total and Per Capita Personal Income by County Groupings, 1981-1982

	Total Personal Income			Per Capita Income			
	Millions of Dollars 1981	Millions of Dollars 1982	Percentage Change 1981-82	Dollars 1981	Dollars 1982	Percentage of National Average 1982	Rank in 1982*
United States	2,426,901	2,571,517	6.0	10,582	11,100	100	—
Sum of metropolitan counties	1,959,973	2,084,267	6.3	11,239	11,829	107	—
Sum of nonmetropolitan counties	466,928	487,250	4.4	8,496	8,785	79	—
Pennsylvania	123,756	129,956	5.0	10,425	10,934	99	—
Sum of metropolitan counties	108,030	113,626	5.2	10,759	11,305	102	—
Sum of nonmetropolitan counties	15,726	16,329	3.8	8,593	8,900	80	—
Allentown-Bethlehem	6,955	7,304	5.0	10,871	11,377	102	90
Altoona	1,131	1,173	3.7	8,335	8,636	78	280
Beaver County	2,101	2,003	−4.7	10,395	9,891	89	210
Erie	2,698	2,825	4.7	9,639	10,046	91	201
Harrisburg-Lebanon-Carlisle	5,961	6,333	6.2	10,597	11,231	101	100
Johnstown	2.329	2,377	2.1	8,857	9,112	82	262
Lancaster	3,813	4,018	5.4	10,378	10,803	97	135
Philadelphia	53,105	56,636	6.6	11,228	11,946	108	59
Pittsburgh	24,872	25,878	4.0	11,281	11,762	106	66
Reading	3,447	3,647	5.8	10,974	11,589	104	79
Scranton-Wilkes-Barre	6,511	6,892	5.9	8,945	9,476	85	240
Sharon	1,221	1,202	−1.6	9,558	9,426	85	243
State College	886	945	6.7	7,752	8,311	75	294
Williamsport	1,056	1,103	4.5	8,990	9,399	85	245
York	3,822	4,009	4.9	9,927	10,352	93	180

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, April 1984.

* Ranking is among 314 Metropolitan Statistical Areas, Primary Metropolitan Statistical Areas and New England County Metropolitan Areas, as defined by the Office of Management and the Budget, June 30, 1983.

Personal income in Pittsburgh rose a moderate 4 percent in 1982. But neighboring Beaver County had a 4.7 percent decline — the poorest showing in this measure among the 333 metropolitan areas in the nation.

The declines in Sharon and Beaver County and the slower growth in Johnstown are attributable to drops in income from primary metals manufacturing industries.

Per capita income in the state in 1983 was $11,510. This represents a 5.3 percent increase from the 1982 level and was just 1 percent below the national average.

In the state's metropolitan areas in 1982, per capita income varied from a low of $8,311 in State College to a high of $11,946 in Philadelphia. Per capita income in eight of the state's 14 metropolitan areas was below the median income of $10,565 in the nation's metropolitan areas.

— *Norma I. Gavin*

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State's Economy Marks Improvement in May

Gains Concentrated in Service Sector

The Pennsylvania economy advanced at a moderate rate in May. The index of coincidental indicators rose a modest 0.4 percent, and the leading index advanced 0.5 percent.

The service-producing sector expanded while industries in the goods-producing sector failed to make any marked progress. Nevertheless, the manufacturing, mining and construction industry groups, which compose the goods-producing sector, remained in a good position for gains in the following months.

Employment levels in all major service-producing industries increased in May. The overall job level in these industries reached a new all-time high, fueled by record levels in the financial and miscellaneous services industry groups.

In this sector, only the transportation industry group and state and local government had job levels below the levels prevailing in 1979, before the two most recent recessions.

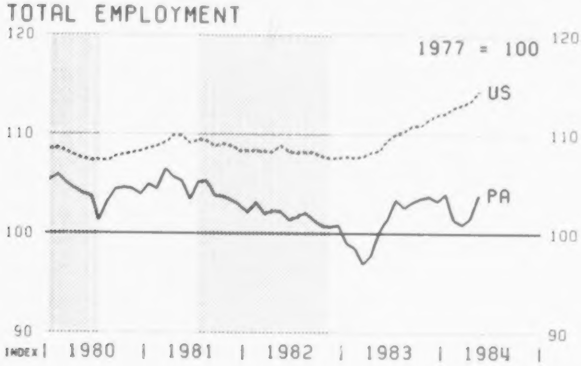
Besides transportation, financial and miscellaneous services, and state and local government, the service-producing sector includes public utilities, wholesale and retail trade, and the federal government.

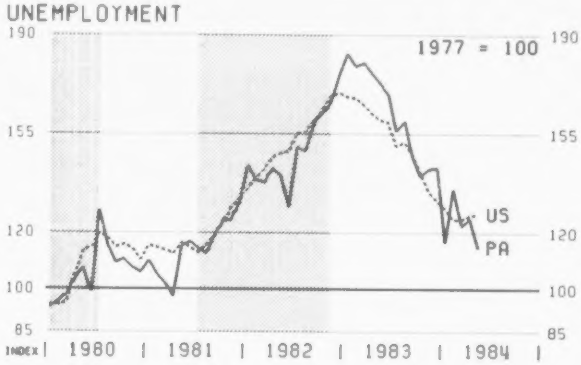
The job level in the state's durable goods manufacturing industries rose 0.2 percent after seasonal adjustment. But a 0.6 percent decline in the seasonally adjusted job level of the state's nondurable goods factories brought the total manufacturing job level down 0.1 percent.

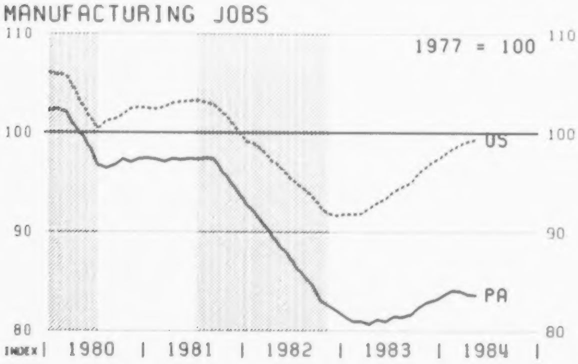
May's decline in the state's factory employment, the third in a row, follows a 0.4 percent decline in April and a 0.1 percent decline in March.

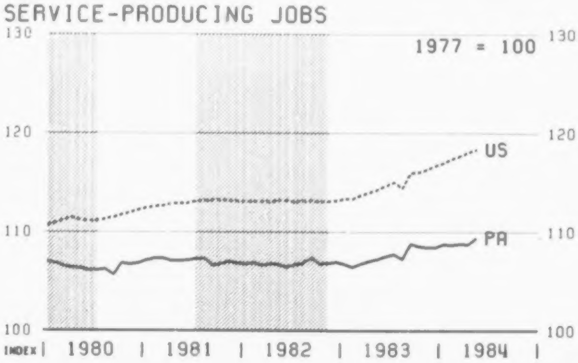
Employers have been cautious in hiring during the current recovery. The average length of the factory workweek has been above 40 hours since the beginning of the year. Typically, persistent overtime leads to employment increases, but significant increases in the state's manufacturing employment level have yet to materialize.

In May, the seasonally adjusted level of factory employment was only 3.6 percent above the recession low registered in April 1983 and remained almost 20



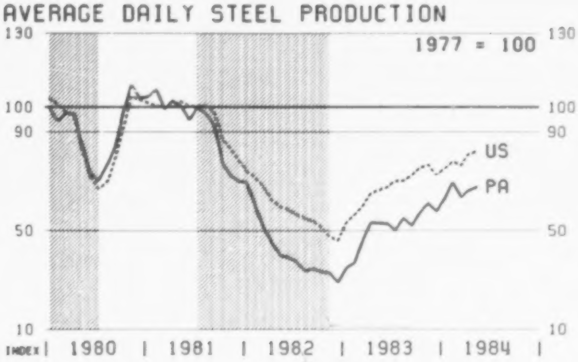






PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **July 1984**



percent below the 1979 average.

Total factory payrolls have also been kept in check so far this year, leveling off since February at about $290 million. After adjustment for inflation and regular seasonal variation, the factory payroll level in May was just 73 percent of the average level for 1979.

Employment in the state's mines fell 0.5 percent in May. This was the third consecutive decline in this measure, but it remained 7.6 percent above the most recent low, registered in September 1983.

Production of both anthracite and bituminous coal has picked up from recession levels. In May, a seasonally adjusted 419,300 net tons of anthracite coal was mined. This was 50 percent more than the low in February of 1983.

A seasonally adjusted 6.3 million net tons of bituminous coal was mined in the state in April — the latest month for which we have data — representing a gain of almost one-third over the amount mined in February 1983.

The contract construction industry gained less than the seasonally expected number of jobs in May. However, continued gains in contract awards indicate possible employment increases in the months to follow.

Both residential and nonresidential building awards

Economic Activity in Pennsylvania	1984 Apr.	1984 May	1983 May	Seasonally Adjusted Indexes (1977 = 100) 1984 Apr.	1984 May	1983 May
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,591.*	4,639.	4,538.	100.5*	100.9	98.6
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,466.*	3,511.	3,442.	107.5*	108.0	105.9
Manufacturing						
No. of wage and salaried jobs (thous.)	1,121.*	1,123.	1,090.	83.7*	83.6	81.1
Ave. wkly. hrs. worked by prod. workers	40.2*	40.1	39.2	102.2*	101.6	99.2
Total wkly. person-hours worked (mils.)	31.2*	31.2	29.0	81.8*	81.1	75.6
Total wkly. payroll (mil. dols.)	290.1*	289.7	257.4	130.3*	129.1	114.7
Steel production (thous. tons)	1,557.	1,583.	1,238.	66.	68.	53.
Industrial electric power sales (mil. kwh)	3,688.	3,659.	3,274.	99.	102.	90.
Mining						
Anthracite coal (thous. net tons)	358.	401.	277.	79.	86.	61.
Bituminous coal (thous. net tons)	5,948.	n.a.	4,953.†	90.	n.a.	75.†
Construction contracts awarded (mil. dols.)						
Total	558.9	607.0	390.2*	158.	171.	108.*
Residential building	210.6	309.3	208.7*	119.	177.	121.*
Other building	154.1	179.4	85.4*	141.	199.	98.*
Nonbuilding (utilities and public works)	194.2	118.4	96.1*	261.	116.	98.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,829.	4,956.	4,782.	101.5	103.9	100.2
Unemployed						
No. of persons (thous.)	488.	473.	661.	125.0	114.7	172.9
Rate (percentage of labor force)	9.2	8.7	12.1			
Rate, seasonally adjusted	9.2	9.1	12.5			
Civilian labor force, no. of persons (thous.)	5,317.	5,429.	5,443.	103.3	104.7	105.8
Initial claims for unemployment benefits	117,950.	105,454.	143,278.	87.0	86.0	117.3

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 Apr.	1984 May	1983 May	Percentage Change Month Ago	Year Ago
U.S. city average	308.8	309.7	297.1	+0.3	+4.2
Philadelphia	298.2	298.7	284.3	+0.2	+5.1
Pittsburgh	318.6	n.a.	305.2†	n.a.	+4.4
Northeast PA	n.a.	294.7	281.7	n.a.	+4.6

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for Apr. 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

increased in May while the volatile nonbuilding awards declined. However, among the three major structure classes, nonbuilding construction had the largest percentage increase in the five-month cumulative total value of awards over the value in the same period last year: nonbuilding awards increased 76 percent, commercial building awards rose 59 percent, and housing awards were up by a third.

The western half of the state saw the greatest percentage increase in nonbuilding and residential building awards while the eastern half saw the greatest percentage rise in nonresidential building awards.

General industrial activity, as measured by sales of electricity to industrial users, has improved considerably since the end of the recession. The seasonally adjusted level of industrial electric power sales rose 3.5 percent in May, registering its highest level since October 1981 and totalling 22.4 percent more than the recession low in December 1982.

The steel industry, one of the state's major users of electrical power, was producing a seasonally adjusted 47,600 net tons of steel a day in May. That is only 62 percent of the amount of steel put out daily in 1979. However, it compares favorably to 20,400 net tons a day in December 1982.

In May, Pennsylvania's steel mills accounted for 17.3 percent of all steel produced in the nation. That is up from 17.1 percent in April but is still well below the more than 20 percent share of production the state held before the most recent recession.

The leading index for the Pennsylvania economy rose in May, after falling in March and remaining unchanged in April.

Two of the three components of the index, residential building contract awards and initial claims for unemployment compensation, contributed to the rise. The third component, average weekly hours worked by production workers in manufacturing industries, fell back slightly.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
October, 1983	102.4	88.6	−0.1	+0.9
November	102.7	89.3	+0.3	+0.8
December	103.1	89.3	+0.4	0.0
January, 1984	103.1	89.5	0.0	+0.2
February	104.3	89.6	+1.2	+0.1
March	104.0	89.3	−0.3	−0.3
April	104.0	89.3	0.0	0.0
May	104.5	89.7	+0.5	+0.4

Nevertheless, the relatively long length of the factory workweek and the low level of new claims show the state's economy to be in a good position for further expansion. Furthermore, the state will benefit from the capital spending growth that is taking shape.

Capital spending plans are increasing despite the steady rise in interest rates because of other forces in the economy. These include continued increases in demand, which are beginning to put strains on industrial capacity; generous depreciation allowances created by the 1981 tax law, which in effect provide a subsidy to businesses that invest; low inflation, which makes investment more profitable; and stiff foreign competition, which is forcing companies to invest in equipment that will improve their productivity.

The state's economy will continue to shift from its substantial reliance on manufacturing toward a greater dependence on service industries. But the significant role of heavy manufacturing in Pennsylvania's economy, which caused higher unemployment in the state relative to the nation and a lagging economic recovery, may now give the the state's economy an extra boost.

— *Norma I. Gavin*

Joblessness Increases in First Quarter

Fewer Pennsylvanians were employed in the first quarter of this year compared to the fourth quarter of last year. This was true for all major population groups in the state, with women having the smallest percentage decline and blacks the largest.

The decline in total employment was matched by an almost equal percentage decline in the civilian labor force while the number of unemployed state residents seeking jobs was little changed. This brought the unemployment rate up to 10.2 percent from 9.8 percent in the previous quarter.

The civilian labor force declined for all major population groups. For women and teenagers, the declines in the labor force were matched by equal percentage declines in unemployment, leaving the jobless rates for these two groups unchanged. The rates for all other groups rose from the previous quarter.

However, increases in joblessness are typical for the first of the year. After adjustment for regular seasonal variation, the number of unemployed workers fell. This drop brought the seasonally adjusted jobless rate down 1.4 percentage points to 9 percent — the lowest quarterly rate since the third quarter of 1981.

The male jobless rate remained above the female rate in the first quarter. Because the female rate was unchanged, the male-female differential increased to 2.4 percentage points from the 1.6 percentage-point differential in the fourth quarter. Nevertheless, it remained substantially below the 7.8 percentage-point differential in the first quarter of 1983.

The higher unemployment of men relative to women is in contrast to historical trends and results from greater relative recession impacts on the industries where men predominate, such as manufacturing and mining, as well as from changes in the commitment of women to the labor force.[1] Data suggest that women are less likely than they were to interrupt their careers for childbearing and child rearing and thus lose job seniority — important

Employment Data by Sex, Race, and Age — Pennsylvania and the United States

	Number Employed	Percentage Change in Employment		Labor Force Unemployment Rates			Participation Rates		
	1984 I (in thousands)	Over Quarter	Over Year	1984 I	1983 IV	1983 I	1984 I	1983 IV	1983 I
Pennsylvania									
Total, seasonally adjusted	4,924	-0.7	—	9.0	10.4	13.1	58.8	60.2	59.4
Total, unadjusted	4,791	-4.3	4.3	10.2	9.8	14.3	58.2	60.6	58.6
Male	2,722	-4.7	4.9	11.3	10.5	17.5	70.7	72.9	72.8
Female	2,069	-3.8	3.5	8.9	8.9	9.7	46.6	49.3	45.9
White	4,457	-4.2	5.6	9.3	9.2	13.0	58.7	60.8	58.7
Black	304	-8.2	-8.2	21.7	18.5	28.1	50.2	57.2	56.8
16-19 years old	269	-3.9	8.0	21.8	21.8	24.4	44.6	49.0	43.4
United States									
Total, seasonally adjusted	103,740	1.2	—	7.9	8.5	10.4	64.1	64.0	63.8
Total, unadjusted	102,000	-0.8	4.6	8.4	8.2	11.2	63.4	64.0	63.3
Male	57,180	-0.9	4.9	8.9	8.3	12.1	75.3	75.9	75.4
Female	44,820	-0.7	4.2	7.9	8.0	10.0	52.7	53.3	52.3
White	89,870	-0.9	4.6	7.4	7.1	10.0	63.8	64.4	63.6
Black	9,669	1.0	6.8	16.7	17.3	20.6	60.4	60.7	60.6
16-19 years old	5,737	-5.7	2.1	20.6	20.4	24.6	48.4	50.7	48.1

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.

in determining who is laid off in economic downturns.

But although there have been reductions in industry-specific male-female unemployment rate differentials, women's unemployment rates still exceed those of men in most industry groups.

Blacks and teenagers continue to have the highest unemployment rates in the state. One out of every five labor force participants in these groups were unable to find work in the first quarter. This compares to one out of every ten white adult participants.

Over the year, the job picture in the state improved considerably. Total employment grew 4.3 percent, and the unemployment rate was down 4.1 percentage points from the 13.1 percent high in the first quarter of 1983.

Nevertheless, employment increases and labor force participation continue to be smaller and unemployment continues to be higher in the state than in the nation.

— *Norma I. Gavin*

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[1] Sigurd R. Nilsen, "Recessionary Impacts on the Unemployment of Men and Women," *Monthly Labor Review*, May 1984, pp. 21-25.

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June Statistics Show Strong Economy

Gains Concentrated in Construction and Services

The good news on the economy continued to roll in for both the nation and the state. Nationally, the rise in inflation-adjusted gross national product in the first half of the year exceeded all expectations and clearly showed the current economic expansion to be the strongest since the years immediately after World War II.

The widely touted slowing in growth was almost imperceptible among the June figures, as a strong advance in retail sales was fueled by large gains in employment and income.

In Pennsylvania, the good news was led by a large increase in total resident employment. The seasonally adjusted number of employed Pennsylvanians broke the five million mark and was higher in only one month – March 1981.

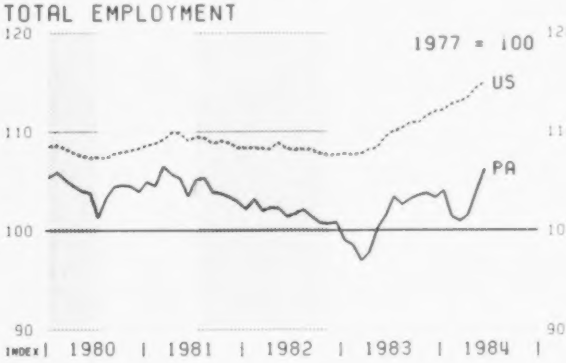
However, the good news was not spread evenly across all industries in the state. Most service-producing industry groups registered record-setting employment levels in June. The construction industry also fared well with gains in employment and the value of awards for future construction at one of the highest levels ever recorded.

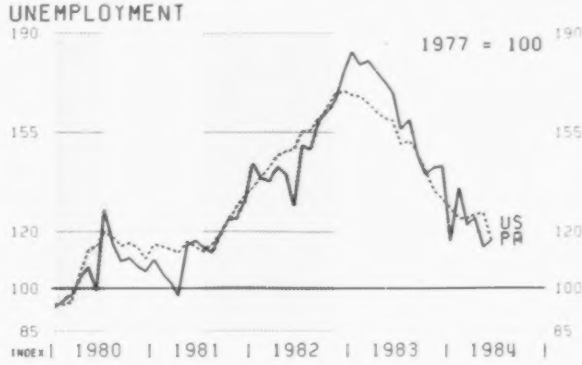
On the other hand, manufacturing and mining industries experienced less than seasonal gains in employment and production, and measures remained well below previous highs.

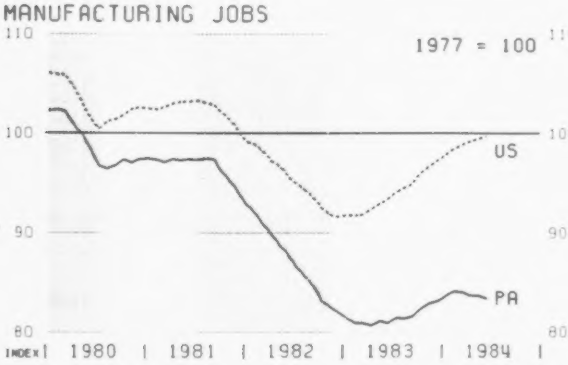
Both the number of employed Pennsylvanians and those unemployed state residents seeking work increased in June as the civilian labor force swelled almost 4 percent above May's level. The work force typically rises in June as students and graduates enter the labor market. But this year's increase was almost double the expected rise.

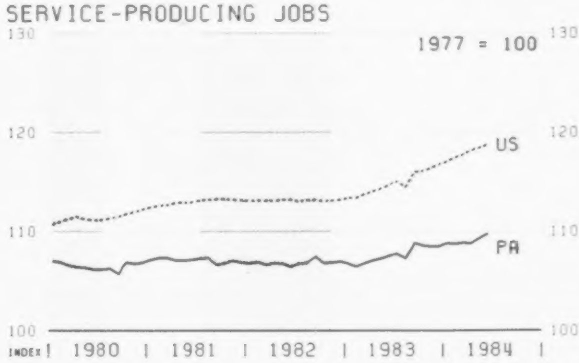
As a result, the seasonally adjusted unemployment rate dropped to 8.6 percent from 9.1 percent in May, for a total decrease of 4.6 percentage points from the recession high in January 1983.

Nationally, unemployment was 7.1 percent of the civilian labor force in June after seasonal adjustment. The U.S. rate was down from 7.5 percent in May and a


TOTAL EMPLOYMENT


UNEMPLOYMENT

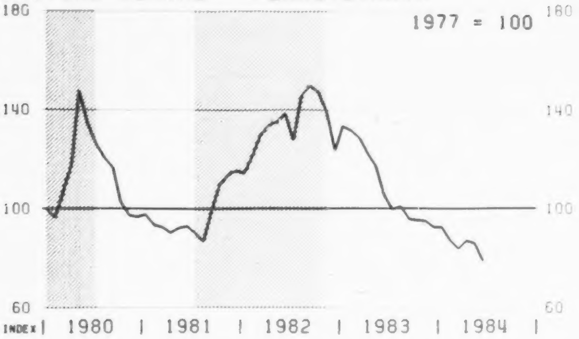

MANUFACTURING JOBS


SERVICE-PRODUCING JOBS

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **August 1984**

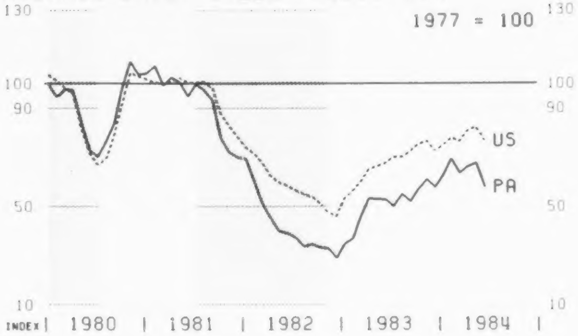
INITIAL CLAIMS - PENNSYLVANIA



recession high of 10.7 percent in late 1982.

The spurt in new claims for unemployment compensation that typically occurs in June as schools close for the season was smaller than expected. Consequently, the seasonally adjusted level of initial claims was 8.3 percent lower than a month earlier, bringing it to its lowest level since September 1978.

AVERAGE DAILY STEEL PRODUCTION



Employment gains were widespread among the service-producing industries. Only the transportation industry group and state and local government experienced declines in their job levels. More than seasonal employment increases were seen in public utilities; finance, insurance and real estate; wholesale and retail trade; services; and the federal government.

Economic Activity in Pennsylvania	1984 May	1984 June	1983 June	Seasonally Adjusted Indexes 1984 May	Seasonally Adjusted Indexes 1984 June	Seasonally Adjusted Indexes 1983 June
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,639.*	4,675.	4,567.	100.9	101.0	98.7
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,510.*	3,535.	3,464.	108.0	108.3	106.1
Manufacturing						
No. of wage and salaried jobs (thous.)	1,124.	1,132.	1,099.	83.6	83.4	81.0
Ave. wkly. hrs. worked by prod. workers	40.2*	40.3	39.6	101.8*	101.5	99.7
Total wkly. person-hours worked (mils.)	31.3*	31.6	29.6	81.3*	80.8	75.9
Total wkly. payroll (mil. dols.)	290.9*	294.5	263.4	129.6*	129.3	115.8
Steel production (thous. tons)	1,581.	1,236.	1,132.	68.	58.	53.
Industrial electric power sales (mil. kwh)	3,659.	3,692.	3,440.	102.	99.	92.
Mining						
Anthracite coal (thous. net tons)	401.	370.	332.	86.	77.	68.
Bituminous coal (thous. net tons)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Construction contracts awarded (mil. dols.)						
Total	607.0	805.1	528.0*	171.	211.	135.
Residential building	309.3	293.9	271.3*	177.	186.	161.
Other building	179.4	260.1	166.3*	199.	218.	132.
Nonbuilding (utilities and public works)	118.4	251.2	90.5*	116.	250.	91.
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,956.	5,122.	4,901.	103.9	106.1	101.5
Unemployed						
No. of persons (thous.)	473.	518.	723.	114.7	117.3	168.6
Rate (percentage of labor force)	8.7	9.2	12.9			
Rate, seasonally adjusted	9.1	8.6	12.3			
Civilian labor force, no. of persons (thous.)	5,429.	5,640.	5,624.	104.7	107.0	106.7
Initial claims for unemployment benefits	105,454.	108,249.	147,314.	86.0	78.9	105.4

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 May	1984 June	1983 June	Percentage Change Month Ago	Year Ago
U.S. city average	309.7	310.7	298.1	+0.3	+4.2
Philadelphia	298.7	300.0	286.1	+0.4	+4.9
Pittsburgh	n.a.	319.7	305.4	n.a.	+4.7
Northeast PA	294.7	n.a.	271.7†	n.a.	+4.6

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.

[1] Total includes workers on strike. * = figure revised † = figure for May 1983 n.a. = data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
November 1983	102.6	89.2	+ 0.3	+ 0.7
December	103.0	89.2	+ 0.4	0.0
January 1984	103.0	89.4	0.0	+ 0.2
February	104.2	89.5	+ 1.2	+ 0.1
March	103.9	89.1	− 0.3	− 0.4
April	103.9	89.3	0.0	+ 0.2
May	104.6	89.7	+ 0.7	+ 0.4
June	104.3	90.6	− 0.3	+ 1.0

Furthermore, all of these industry groups, except for wholesale trade and the federal government, employed record numbers of workers in June.

A more than seasonal increase in employment in the state's construction industry also took place in June. The seasonally adjusted 1.7 percent rise brought the job level in this industry group 5.4 percent above the low in May 1983, but it remained 16.4 percent below the 1979 average.

The strong gains in the value of contract construction awards in June suggest further increases in construction employment in the months to follow. June registered large increases in nonresidential building and nonbuilding awards while residential building awards edged up to their highest level ever after seasonal adjustment.

Construction awards for nonbuilding structures nearly doubled in value in the first half of this year from their level in the same period last year.

Building awards were also up substantially from a year ago. The value of nonresidential building awards in the first six months of 1984 was 58 percent ahead of the six-month value in 1983 while residential building awards were up 26 percent from their 1983 six-month total.

Increases in employment, hours worked by production workers, and weekly payrolls in the state's manufacturing industries were all short of the usual seasonal gains for June.

The seasonally adjusted job level in nondurable goods factories has been declining since last February; an average of 2,500 jobs a month have been lost in the last four months. During this same time period, employment in durable goods factories has been flat.

Nevertheless, the state's factories are poised for employment gains in the following months. The average length of the factory workweek at 40.3 hours in June remained at a historically high level. Therefore, to increase production much further, factory employers must increase employment.

June brought a decline in steel production. The state's 14.3 percent drop in the average daily production of steel outshadowed the nation's 6.6 percent fall, as demand for the state's steel products — primarily large structural steel — continued to lag. Pennsylvania's share of total national production declined to 15.6 percent in June from 17.2 percent in May.

The decline in steel production kept industrial electric power sales in the state from rising the usual seasonal amount. The seasonally adjusted level of sales fell 2.7 percent.

The trend in electric power sales remained upward, reflecting continuing increases in overall industrial production. But the pace of increase slowed significantly. During the first half of 1983, power sales rose 10 percent; during the second half, they rose 5.9 percent; and during the first half of 1984, they grew only 2.3 percent. The seasonally adjusted level of sales remained 7.3 percent below their 1979 average.

Growth in the state's mining industry group has been stagnant since the beginning of the year. Employment in these industries was unchanged in June from a month earlier. Furthermore, production of anthracite coal has fluctuated around 400,000 net tons since the fourth quarter of last year. In June, the seasonally adjusted level of anthracite coal mined fell almost 10 percent from May's level.

May and June's figures for the production of bituminous coal in the state were not available at this writing.

The growth in total resident employment in June brought the Pennsylvania index of coincidental indicators up by almost a whole percentage point — its largest increase in eight months. However, the leading index continued to indicate a moderation in growth as it declined 0.3 percent.

While indicators suggest the economy expanded at a substantial rate in June, they also show that the growth has done little to provoke inflation. Producer prices were unchanged in June for the third consecutive month, and two other measures of price increases — the consumer price index and the GNP deflator — rose only modestly in the second quarter.

The favorable inflation performance has been attributed to the dollar's strength. The dollar has risen sharply against other major currencies in recent months, reducing the prices of many imported items. Thus to compete with imports, U.S. companies have been forced to hold down prices and cut costs.

The restraint in inflation was evident in Pennsylvania. Consumer price indexes for three major cities in the state all showed over-the-year increases just under 5 percent, only slightly higher than the 4.2 percent rise in the U.S. city average. — *Norma I. Gavin*

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Around the State

Southeastern Quarter

Harrisburg

The economic expansion in the Harrisburg area continued unabated in the second quarter of the year. The seasonally adjusted number of area residents employed last quarter rose to a new all-time high as the seasonally adjusted unemployment rate fell to 5.4 percent of the civilian labor force.

The area economy more than absorbed the 2.9 percent increase in the civilian labor force during the April-June quarter. Furthermore, the number of labor force participants without jobs was at its lowest level in four years.

But employment gains in Harrisburg are moderating. The seasonally adjusted number of jobs in nonmanufacturing industries was unchanged in the second quarter from first quarter's record high.

In addition, the seasonally adjusted job level in the area's manufacturing industries rose 0.5 percent in the second quarter. This was the smallest quarterly increase in over a year.

The average length of the factory workweek declined a half hour to an average 40.4 hours last quarter, relieving some of the pressure on employers to further increase employment. Last quarter's decline was the first in this measure since the first quarter of 1983.

Sales of electric power to area industries remained more than 13 percent below the level prevailing in 1979. However, they climbed another seasonally adjusted 1.1 percent last quarter and were at their highest level since the first quarter of 1982.

The value of residential building contracts awarded in the Harrisburg area rose sharply in the second quarter, and the percentage increase in the cumulative value of these awards in the first half of the year was the largest among the state's metropolitan areas.

Nonresidential building contracts awarded in the first half of the year were almost double the value of contracts awarded last year but declined in the second quarter from the first-quarter level.

Lancaster

The Lancaster area economy continued to have the lowest unemployment rate among the 14 major metropolitan areas in Pennsylvania. But the steep drop in the number of labor force participants without jobs, which began in January 1983, was arrested last quarter.

The seasonally adjusted unemployment rate stood at 4.8 percent in the second quarter — up 0.1 of a percentage point from a quarter earlier but down 3.4 percentage points from the quarterly high in the first three months of 1983.

Total resident employment in Lancaster was at its highest seasonally adjusted level last quarter, rising 5.2 percent from the same quarter a year ago.

The seasonally adjusted job level in the area's nonmanufacturing industries fell back 2 percent from first-quarter's all-time high while the factory job level rose for the fifth consecutive quarter. However, the 0.5 percent increase in the seasonally adjusted factory job level was the smallest quarterly increase in a year.

Furthermore, production workers in the area's factories were working shorter workweeks in the second quarter. Therefore, the need to increase employment levels was not as critical as in the preceding two quarters.

The level of industrial electric power sales, which rose to a new record high for the fifth consecutive quarter, coupled with the record high employment levels, suggests that industrial activity in the area was more brisk than in any previous quarter. The seasonally adjusted level of sales in the second quarter was 18.5 percent higher than the level prevailing in 1979.

Harrisburg Area[1]

	Ave. mo. value 2 Q. '84	Average monthly index seas. adj. (1977 = 100) 2 Q. '84	1 Q. '84	2 Q. '83
Employment *(in thousands)*				
Employed, no. of residents	229.9	115.	113.	109.
Unemployed, no. of residents	12.8	109	112.	148.
Rate, seasonally adjusted	5.4			
Civilian labor force, no. of residents	242.7	115.	113.	111.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	229.6	110.	110.	107.
Nonmfg. only, no. of jobs	187.4	111.	111.	109.
Mfg. only, no. of jobs	42.2	106.	105.	98.
Hrs. worked by production workers in mfg., *ave. weekly*	40.4	102.	104.	100.
Industrial electric power sales	***	94.	93.	90.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q. '84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	40.4	+80.	+50.
Nonresidential contracts only	28.5	−21.	+ 0.

[1] Cumberland, Dauphin, and Perry Counties

Lancaster Area[1]

	Ave. mo. value 2 Q. '84	Average monthly index seas. adj. (1977 = 100) 2 Q. '84	1 Q. '84	2 Q. '83
Employment *(in thousands)*				
Employed, no. of residents	180.1	114.	114.	109.
Unemployed, no. of residents	9.0	110.	108.	160.
Rate, seasonally adjusted	4.8			
Civilian labor force, no. of residents	189.1	114.	113.	111.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	157.2	110.	111.	107.
Nonmfg. only, no. of jobs	99.8	116.	119.	114.
Mfg. only, no. of jobs	57.4	101.	100.	96.
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	100.	102.	98.
Industrial electric power sales	***	122.	120.	108.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q. '84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	48.3	+83.	+24.
Nonresidential contracts only	4.9	−40.	+17.

[1] Lancaster County

Lancaster's residential construction industry remained strong in the second quarter. The value of construction contracts awarded for residential buildings in the first six months of the year was almost 50 percent ahead of the six-month total a year earlier.

Nonresidential building construction fell back in the second quarter, although the first-half total was 28 percent higher than the value of these awards in the same period a year earlier.

Philadelphia

The nonmanufacturing sector continued to expand its dominance of the Philadelphia area economy in the second quarter of 1984. The seasonally adjusted employment level in these industries rose for the tenth consecutive quarter and reached a new high for the eighth quarter in a row.

The area's industry mix is more comparable to that of the nation than the state. Nonmanufacturing industries accounted for 79.9 percent of all nonfarm industry jobs in the Philadelphia metropolitan area last quarter, compared to 79.1 percent in the nation and 75.6 percent in the state.

The nonmanufacturing sector's influence has made more headway in Philadelphia than in the nation, taking over a 3.5 percent share of the work force from the manufacturing sector since 1979 compared to a national gain of 2.5 percent.

However, the greater relative shift of Philadelphia's work force to the nonmanufacturing sector is coupled with a smaller increase in total employment. While all nonfarm industry jobs have grown 2.2 percent in Philadelphia since 1979, they expanded 4.3 percent in the nation.

The difference is due in part to a smaller percentage increase in nonmanufacturing jobs, but mostly to a relatively greater contraction in Philadelphia's manufacturing sector. The seasonally adjusted factory job level in Philadelphia leveled off last quarter at 13.2 percent below its 1979 average. The nation was short by a smaller 7 percent.

Hours worked by production workers in the area's factories rose another 0.2 of an hour in the second quarter, marking the fifth consecutive gain after seasonal adjustment and better positioning the economy for future increases in factory employment.

Industrial electric power sales fell back a slight seasonally adjusted 0.4 percent in the second quarter but had regained much of the losses from the 1980 and 1981-82 recessions. The seasonally adjusted level of sales stood only 3.2 percent below the 1979 average.

Building contracts awarded in the Philadelphia area were up substantially in the second quarter. The value of residential building awards rose 73 percent from the first quarter and 26 percent from the same quarter a year ago. At the same time, nonresidential building awards were ahead 31 percent from the previous quarter and 77 percent from the second-quarter level last year.

Overall unemployment in the area fell to 6.7 percent of the civilian labor force while total resident employment climbed to a new seasonally adjusted high of more than 2.12 million workers.

Reading

By the end of the second quarter, more residents of the Reading metropolitan area were employed than ever before. The number of labor force participants and the job level in nonmanufacturing industries also registered record highs.

Total resident employment rose a seasonally adjusted 2.5 percent from the first quarter and 7.6 percent from the second quarter of 1983. These were the largest percentage gains in this measure among Pennsylvania's 14 major metropolitan areas.

Philadelphia Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'84	2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	2,107.2	112	110.	107.
Unemployed, no. of residents	152.6	85.	86.	109.
Rate, seasonally adjusted	6.7			
Civilian labor force, no. of residents	2,259.8	110.	108.	107
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	1,970.6	107.	107.	105.
Nonmfg. only, no. of jobs	1,574.5	114	113.	111.
Mfg. only, no. of jobs	394.3	88.	88.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	39.9	100.	100.	99.
Industrial electric power sales				
Metropolitan area	***	100.	100.	96.
Chester	***	92.	90.	94.
Philadelphia	***	101.	100.	97.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Quarter Ago	Year Ago
Residential contracts only	316.7	+73.	+26.
Nonresidential contracts only	294.4	+31.	+77.

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'84	2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	151.1	113.	110.	105.
Unemployed, no. of residents	12.2	127.	120.	189.
Rate, seasonally adjusted	7.0			
Civilian labor force, no. of residents	163.4	113.	110.	110.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	141.8	108.	107.	102.
Nonmfg. only, no. of jobs	89.8	110.	109.	106.
Mfg. only, no. of jobs	52.0	103.	103.	96.
Hrs. worked by production workers in mfg., *ave. weekly*	40.7	104.	106.	102.
Industrial electric power sales	***	121.	130.	109.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Quarter Ago	Year Ago
Residential contracts only	27.3	+200.	+39.
Nonresidential contracts only	22.9	+160.	+36.

[1] Berks County

Employment gains were concentrated in nonmanufacturing industries. The seasonally adjusted job level in these industries registered a new record high for the fourth quarter in a row.

The number of unemployed area residents looking for work also rose last quarter after seasonal adjustment as the civilian labor force swelled to an all-time high. The seasonally adjusted unemployment rate rose 0.1 of a percentage point to 7 percent, stemming the steep decline which began from a high of 12 percent in the first quarter of 1983.

The leveling off of unemployment suggests a slowing in the pace of Reading's economic expansion, which was borne out by other economic indicators. The seasonally adjusted manufacturing job level in Reading was unchanged in the second quarter after rising for four consecutive quarters.

Furthermore, average weekly hours worked by production workers in area factories were down from the previous quarter. The average length of the factory workweek declined to 40.7 hours from 41 hours in the first quarter.

Sales of electricity to industrial users rose less than the usual seasonal amount. Consequently, the seasonally adjusted level of sales declined 6.4 percent. The drop was the first in this measure since the third quarter of 1982.

However, there was no slowing in growth for the area's construction industry. The value of residential building awards in the second quarter was three times the value in the first quarter, and nonresidential building awards were more than two and a half times their first-quarter level.

York

The York metropolitan area economy continued to firm up in the second quarter. Total resident employment rose more than the labor force and therefore cut further into the ranks of the unemployed.

The seasonally adjusted unemployment rate dropped to 8.1 percent of the civilian labor force from an 8.6 percent level in the previous quarter and 11.8 percent a year earlier. The jobless rate was at its lowest and total resident employment was at its highest seasonally adjusted level since the third quarter of 1981.

Job levels in both the manufacturing and nonmanufacturing sectors in York rose in the second quarter, but the small size of the gains suggested a slowing in employment growth. Last quarter employment in nonmanufacturing industries was at an all-time high while factory employment was at a level almost 12 percent below where it stood in 1979.

The average length of the factory workweek fell after seasonal adjustment, but it remained at a relatively high level.

Industrial electric power sales, which reflect short-run changes in industrial production, more than regained first-quarter's loss. The seasonally adjusted level of sales rose 2.8 percent in the second quarter to its highest level since the fourth quarter of 1981.

York's construction industry remained strong, with advances in the values of contracts awarded for both residential and nonresidential buildings. Residential building awards were 92 percent ahead of first quarter's level and 36 percent ahead of the level in the second quarter a year earlier. Nonresidential building awards rose 39 percent from the first quarter and more than doubled from a year ago.

York Area[1]

	Ave. mo. value 2 Q.'84	Average monthly index seas. adj. (1977 = 100) 2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	165.3	112.	110.	107.
Unemployed, no. of residents	14.8	148.	156.	214.
Rate, seasonally adjusted	8.1			
Civilian labor force, no. of residents	180.1	114.	113.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	153.2	107.	107.	104.
Nonmfg. only, no. of jobs	94.8	114.	114.	112.
Mfg. only, no. of jobs	58.2	98.	98.	94.
Hrs. worked by production workers in mfg., *ave. weekly*	41.6	101.	102.	99.
Industrial electric power sales	***	103.	100.	92.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	32.7	+92.	+ 36.
Nonresidential contracts only	12.4	+39.	+110.

[1] Adams and York Counties

Northeastern Quarter

Lehigh Valley

The heavy manufacturing base of Lehigh Valley continued to lose its stronghold on the area's economy to nonmanufacturing enterprises.

The seasonally adjusted manufacturing job level in the area fell 0.6 percent in the second quarter from the first quarter while the number of nonmanufacturing jobs rose 0.2 percent, registering a new all-time high for the fourth quarter in a row. The nonmanufacturing sector, which accounted for 58.3 percent of Lehigh Valley's nonfarm industry jobs in 1979, employed 64.7 percent of the workers in these industries last quarter.

While the area's manufacturing sector is losing some of its influence on the local economy, it is recovering from the recession. The seasonally adjusted factory job level has increased almost 3 percent from the low in the second quarter of last year. Furthermore, the average length of the factory workweek at its highest level ever suggests factory employers are poised for further employment increases in the following months.

Last quarter, the seasonally adjusted level of total resident employment in the Allentown-Bethlehem-Easton metropolitan area rose above the level at which it was stalled during the previous three quarters. The 1.4

percent increase in total employment was accompanied by a 7.1 percent rise in the seasonally adjusted number of unemployed residents.

As a result, the seasonally adjusted unemployment rate rose to 8.7 percent in the second quarter from 8.2 percent in the first quarter, but was down almost 4 percentage points from the second quarter of 1983.

Industrial electric power sales failed to increase more than the usual seasonal amount for the second quarter in a row. Last quarter's 1.1 percent decline in the seasonally adjusted level of sales follows a 2.3 percent decline in the first quarter.

After adjustment for inflation, the value of residential building contracts awarded in the first six months of the year was no greater than the value of awards in the same period last year. But nonresidential building awards in the area were almost 40 percent above last year's six-month total.

Northeast

The road back to recovery for the Northeast metropolitan area economy is proving to be slow and painful.

Employment in the area's manufacturing sector remains well below pre-recession levels. Last quarter's less than seasonal rise in the factory job level only made the situation appear worse. However, the 4.9 percent over-the-year gain in factory jobs attests to the progress being made in this sector.

In addition, the average length of the factory workweek was at its highest level ever after seasonal adjustment, putting pressure on factory employers to increase the work force in the following months for further increases in production.

On the other hand, employment in the area's nonmanufacturing sector has been flat for some time. The seasonally adjusted level of nonmanufacturing employment in the Northeast area has hovered around 171,000 workers for the past year and a half.

Lehigh Valley Area[1]

	Ave. mo. value 2 Q.'84	Average monthly index seas. adj. (1977 = 100) 2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	282.3	103.	102.	98.
Unemployed, no. of residents	27.2	129	120.	191.
Rate, seasonally adjusted	8.7			
Civilian labor force, no. of residents	309.5	105.	103	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	255.2	99.	99.	96
Nonmfg. only, no. of jobs	165.1	110.	110.	108.
Mfg. only, no. of jobs	90.1	83.	83.	81.
Hrs. worked by production workers in mfg., *ave. weekly*	39.2	103.	102	99.
Industrial electric power sales				
Metropolitan area	...	103.	104.	100.
Allentown	...	102.	98.	96.
Bethlehem	...	107.	108.	103.
Easton	...	98.	101.	110.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	57.2	+ 76.	− 7.
Nonresidential contracts only	41.2	+ 129.	+ 40.

[1] Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

Nevertheless, total resident employment increased a seasonally adjusted 1.5 percent in the second quarter, regaining first quarter's losses.

The second quarter marked the end of a four-quarter decline in the seasonally adjusted unemployment rate. The rate rose to 10.9 percent from 10.5 percent in the first quarter. Joblessness was somewhat lower in Lackawanna County, where it stood at 9.7 percent of the labor force, and somewhat higher in Luzerne County, where it was 12.3 percent.

The increase in the jobless rate was due to the failure of the local economy to absorb the 1.9 percent increase in the seasonally adjusted civilian labor force.

Industrial electric power sales were unchanged last quarter after seasonal adjustment but were 7.7 percent above the second-quarter level in 1983.

Construction activity is picking up in the Northeast metropolitan area. The value of residential and nonresidential building awards were up from a quarter ago and from the second quarter of last year.

Northeast Area[1]

	Ave. mo. value 2 Q.'84	Average monthly index seas. adj. (1977 = 100) 2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents				
Northeast metropolitan area	260.6	105.	104.	102.
Lackawanna County[2] only	92.7	105.	104.	102.
Luzerne County[3] only	139.6	105.	104.	102.
Unemployed, no. of residents				
Northeast metropolitan area	31.2	117.	111.	132.
Rate, seasonally adjusted	10.9			
Lackawanna County[2] only	9.7	102.	99.	124.
Luzerne County[3] only	18.5	128.	115.	138.
Civilian labor force, no. of residents				
Northeast metropolitan area	291.8	106.	104.	105.
Lackawanna County[2] only	102.5	105.	103.	104.
Luzerne County[3] only	158.1	108.	105.	106.
Local industries, Northeast metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	236.2	101.	101.	100.
Nonmfg. only, no. of jobs	171.8	105.	105.	106.
Mfg. only, no. of jobs	64.3	90.	90.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	37.9	106.	105.	104.
Industrial electric power sales				
Northeast metropolitan area	...	105.	105.	98.
Lackawanna County[2] only	...	103.	103.	95.
Luzerne County[3]	...	100.	101.	91.
Hazleton	...	91.	90.	85.
Wilkes-Barre	...	105.	107.	91.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	43.0	+ 115.	+ 55.
Nonresidential contracts only	22.9	+ 60.	+ 639.

[1] Lackawanna, Luzerne, and Monroe Counties

[2] Includes Scranton

[3] Includes Wilkes-Barre and Hazleton

Williamsport

The Williamsport area economy continued to recover in the second quarter. Total resident employment, sales of electric power, and the value of contract construction awards all moved upward. At the same time, however, job levels in nonfarm industries flattened out, and the unemployment rate remained in double digits.

The 1.5 percent increase in the seasonally adjusted level of total resident employment was the fifth consecutive increase in this measure and brought it to its highest level in three years.

The increase in employment was accompanied by a drop in unemployment. The seasonally adjusted unemployment rate fell to 11 percent in the second quarter from 11.6 percent in the first quarter and a high of 15.5 percent in the first and second quarters of last year.

But last quarter's employment gains in Williamsport's nonfarm industries were no more than the usual seasonal increases. The factory job level was unchanged after seasonal adjustment while the seasonally adjusted nonmanufacturing job level fell 1 percent.

The factory workweek continued to lengthen in the second quarter. The 39.7-hour average, which is relatively high for the area, will exert pressure on factory employers to increase employment for further expansion in production.

Industrial electric power sales, which rose a seasonally adjusted 5.3 percent in the second quarter from the first quarter and 13.6 percent from the second quarter of 1983, indicate significant increases in industrial output since the recession ended.

The area's residential and nonresidential construction industries had a good quarter in the April-June period. The value of awards for nonresidential buildings, which include commercial, industrial, and institutional structures, was $21.1 million in the second quarter — its highest quarterly level in the nine and a half years these figures have been compiled.

Furthermore, the value of residential building awards was almost three times the first-quarter level and was 25 percent ahead of last year's second-quarter value.

Williamsport Area[1]

	Ave. mo. value 2 Q.'84	Average monthly index seas. adj. (1977 = 100) 2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	46.8	101.	100.	96.
Unemployed, no. of residents	5.9	127.	134.	177.
Rate, seasonally adjusted	11.0			
Civilian labor force, no. of residents	52.7	104.	103.	103.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	45.3	98.	98.	94.
Nonmfg. only, no. of jobs	30.1	106.	107.	104.
Mfg. only, no. of jobs	15.2	85.	85.	78.
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	102.	101.	100.
Industrial electric power sales	***	103.	98.	91.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	5.0	+ 178.	+ 25.
Nonresidential contracts only	21.1	+ +	+ +

[1] Lycoming County

+ + Percentage change over 1000%

Northwestern Quarter

Erie

The Erie metropolitan area economy resumed a recovery course last quarter after stalling in the two previous quarters.

The seasonally adjusted level of total resident employment rose 2 [illegible] percent in the second quarter, after falling 0.5 percent in the first quarter and 0.3 percent in the fourth quarter of last year. Last quarter's increase more than recaptured the losses of the previous two quarters, bringing employment to its highest seasonally adjusted level since the first quarter of 1982.

The unemployment rate continued its steep, unimpeded decline from the seasonally adjusted high of 16.7 percent in the first quarter of 1983. Last quarter it dropped to 9.8 percent, for the first single-digit quarterly rate in two and a half years.

The level of industrial electric power sales rose a seasonally adjusted 2.6 percent last quarter after declining 0.6 percent in the first quarter. Sales remained almost 20 percent below the 1979 average.

The seasonally adjusted factory job level rose 1.4 percent last quarter, for an over-the-year increase of just under 6 percent.

Factory employment will continue to increase because production workers were putting in an average of 42.3 hours a week in the second quarter. After seasonal adjustment, the factory workweek was at its highest recorded level, exerting pressure on factory employers to increase the work force.

At the same time, the seasonally adjusted job level in the area's nonmanufacturing industries was essentially

Erie Area[1]

	Ave. mo. value 2 Q.'84	Average monthly index seas. adj. (1977 = 100) 2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	110.5	101.	98.	95.
Unemployed, no. of residents	12.2	134.	146.	217.
Rate, seasonally adjusted	9.8			
Civilian labor force, no. of residents	122.8	103.	102.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	106.7	96	95.	93.
Nonmfg. only, no. of jobs	70.3	103.	103.	102.
Mfg. only, no. of jobs	36.0	84.	83.	79.
Hrs. worked by production workers in mfg., *ave. weekly*	42.3	103.	101.	99.
Industrial electric power sales	***	87.	84.	78.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	13.6	+ 152.	+ 5.
Nonresidential contracts only	10.7	+ 10.	+ 70.

[1] Erie County

unchanged from the first to the second quarters, rising only 0.1 percent.

The area's construction industry picked up some momentum. The value of residential building construction awards was two and a half times the first-quarter value while nonresidential building awards rose 10 percent in value from the first quarter but were 70 percent ahead of the value in the second quarter of 1983.

Sharon

Economic activity in the Sharon metropolitan area continued to quicken last quarter, but remained at a much reduced pace from that prevailing in the area before the two recent recessions.

The number of area residents participating in the labor force rose in the second quarter. The increase, which stemmed a five-quarter decline in the seasonally adjusted level, occurred without a corresponding increase in the number of unemployed residents seeking work; the new entrants were totally absorbed into the ranks of the employed.

The seasonally adjusted level of total employment rose 2.3 percent last quarter, more than regaining the loss in the first quarter.

At the same time, the seasonally adjusted jobless rate fell to 12.3 percent from 13.5 percent in the first quarter and a high of 20.9 percent in the first quarter of 1983.

The second quarter recorded the first significant increase in employment in the area's manufacturing industries since the first quarter of 1981. The seasonally adjusted factory employment level rose by 500 workers last quarter but remained almost 35 percent below the 1979 average.

Employment in nonmanufacturing industries continued on a downward course in the second quarter. The seasonally adjusted job level fell 2 percent to its lowest level in seven years.

The seasonally adjusted level of industrial electric power sales rose 2.8 percent from the previous quarter. The increases in these sales have moderated over the past year.

Sharon Area[1]

	Ave. mo. value 2 Q.'84	Average monthly index seas. adj. (1977 = 100) 2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	44.6	93	90	90
Unemployed, no. of residents	6.3	157	170	261
Rate, seasonally adjusted	12.3			
Civilian labor force, no. of residents	50.9	98	97	104
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	40.3	88	88	88
Nonmfg. only, no. of jobs	29.2	100	101	101
Mfg. only, no. of jobs	11.0	68	65	65
Industrial electric power sales	...	112	109	106

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	6.6	+ 175	− 18
Nonresidential contracts only	9.8	+ 197	+ 96

[1] Mercer County

Both residential and nonresidential building industries had a good quarter, with the values of awards for these contracts almost three times the first quarter levels. The cumulative value of awards for residential building construction in the first six months was up a modest 18.4 percent while the value of nonresidential building awards was up 90 percent.

Southwestern Quarter

Altoona

The Altoona area economy was still bogged down by recession cutbacks in the second quarter of this year. The gains that took place were either small or less than the typical seasonal increases.

Altoona was the only major metropolitan area in the state that did not register a gain in the seasonally adjusted level of total resident employment; this measure fell 0.2 percent in the second quarter. Total resident employment in the area has not varied markedly since the July-September quarter of 1983.

Although the seasonally adjusted unemployment rate was down from the high of 18.3 percent in the second quarter of 1983, it rose to 12.5 percent last quarter from 12.1 percent in the first quarter. Furthermore, among Pennsylvania's 14 major metropolitan areas, only Johnstown had a higher jobless rate in the second quarter.

The job level in nonfarm industries rose less than the usual seasonal amount. The seasonally adjusted nonmanufacturing job level fell 2 percent, losing all of the gains made over the year. The factory job level fell a seasonally adjusted 1.8 percent but was 3.8 percent ahead of the level in the second quarter of 1983.

However, the following months should bring job gains

Altoona Area[1]

	Ave. mo. value 2 Q.'84	Average monthly index seas. adj. (1977 = 100) 2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	48.8	94	94	91
Unemployed, no. of residents	6.6	172	169	258
Rate, seasonally adjusted	12.5			
Civilian labor force, no. of residents	55.3	99	99	103
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	46.5	89	91	88
Nonmfg. only, no. of jobs	35.3	91	93	91
Mfg. only, no. of jobs	11.4	84	86	81
Hrs. worked by production workers in mfg., *ave. weekly*	40.2	105	102	100
Industrial electric power sales	...	86	85	79

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	7.2	+ 177	+ 9
Nonresidential contracts only	1.7	− 56	− 23

[1] Blair County

to Altoona's factories because of the long workweeks put in by production workers in the second quarter. The average length of the factory workweek rose 1.6 hours to 40.2 hours — its highest level in the more than 13 years that these data have been collected.

The seasonally adjusted level of industrial electric power sales rose a small 0.5 percent last quarter, remaining almost 20 percent below the level prevailing in 1979.

The construction industry in Altoona remained in the doldrums. The value of contracts awarded for nonresidential buildings last quarter declined from the value in the previous quarter and from the already depressed level of a year ago. Residential building awards shot up from a quarter earlier but rose only moderately from the level a year earlier.

Johnstown

Johnstown made further progress toward economic restoration in the second quarter. But the recession bit deep into the metropolitan area's economy, and much of the road back to recovery still lies ahead.

The seasonally adjusted number of Johnstown residents participating in the labor force rose for the first quarter in a year. The new entrants were totally absorbed into the ranks of the employed.

The seasonally adjusted number of employed residents rose 1.2 percent last quarter while the number of unemployed residents was unchanged after seasonal adjustment.

The seasonally adjusted unemployment rate dropped to 14.2 percent in the second quarter from 14.4 percent in the first quarter of this year and a high of 23.3 percent in the first quarter of 1983. However, last quarter's decrease was the smallest since the rate began its steep decline.

Factory employment rose a seasonally adjusted 1.6 percent in the second quarter after falling 2.3 percent in the first quarter. The average length of the factory workweek fell to 37.5 hours last quarter, reflecting the increase in employment.

The level of jobs in nonmanufacturing industries also rose in the Johnstown area, but after seasonal adjustment a 0.5 percent decline was registered.

Sales of electricity to industrial users soared a seasonally adjusted 22.7 percent in the second quarter. The level of sales was one and a half times the level prevailing in 1979.

The value of nonresidential construction awards also shot up last quarter. The cumulative six-month total was six and a half times the value in the first quarter.

Residential building awards also remained at a healthy level although they fell back slightly from last year's second-quarter level.

Despite the gains in the economy last quarter, Johnstown continued to have the highest unemployment rate among Pennsylvania's 14 major metropolitan areas. In addition, comparing job totals to levels prevailing in 1979, the area had the greatest discrepancy. The area's

Johnstown Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '84	2 Q '84	1 Q '84	2 Q '83
Employment *(in thousands)*				
Employed, no. of residents	86.4	88	87	84
Unemployed, no. of residents	14.1	135	135	227
Rate, seasonally adjusted	14.2			
Civilian labor force, no. of residents	100.5	93	92	98
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	75.2	85	85	82
Nonmfg. only, no. of jobs	62.2	93	93	91
Mfg. only, no. of jobs	12.9	60	59	56
Hrs. worked by production workers in mfg., *ave. weekly*	37.5	96	99	91
Industrial electric power sales	...	164	131	76

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 2 Q '84	Quarter Ago	Year Ago
Residential contracts only	12.7	+ 31	− 9
Nonresidential contracts only	13.5	+ 650	+ +

[1] Cambria and Somerset Counties

+ + Percentage change over 1000%

Pittsburgh Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '84	2 Q '84	1 Q '84	2 Q '83
Employment *(in thousands)*				
Employed, no. of residents	889.6	98	97	96
Unemployed, no. of residents	111.0	176	177	249
Rate, seasonally adjusted	11.1			
Civilian labor force, no. of residents	1,000.7	104	102	106
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	862.8	94	94	94
Nonmfg. only, no. of jobs	698.0	105	105	104
Mfg. only, no. of jobs	163.7	65	67	67
Hrs. worked by production workers in mfg., *ave. weekly*	41.5	102	100	97
Industrial electric power sales	...	82	79	69

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 2 Q '84	Quarter Ago	Year Ago
Residential contracts only	124.7	+ 64	+ 12
Nonresidential contracts only	91.9	− 20	− 12

[1] Allegheny, Beaver, Washington, and Westmoreland Counties

State College Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '84	2 Q '84	1 Q '84	2 Q '83
Employment *(in thousands)*				
Employed, no. of residents	48.1	116	114	109
Unemployed, no. of residents	4.0	154	155	226
Rate, seasonally adjusted	7.8			
Civilian labor force, no. of residents	52.1	118	116	116
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	47.4	116	116	112
Nonmfg. only, no. of jobs	39.4	114	115	112
Mfg. only, no. of jobs	8.0	124	121	113
Industrial electric power sales	...	107	103	93

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 2 Q '84	Quarter Ago	Year Ago
Residential contracts only	16.0	+ 67	+ 25
Nonresidential contracts only	1.9	− 54	− 74

[1] Centre County

nonmanufacturing job level stood at less than 88 percent of its 1979 average, and the factory job level was only 63 percent of its 1979 average.

Pittsburgh

The Pittsburgh area economy remained mired down by the steel industry contraction in the second quarter. The seasonally adjusted factory job level dropped another 1.9 percent, registering a new low. Less than two-thirds of the workers employed in the area's manufacturing industries in 1979 were still employed in this sector last quarter.

Nonmanufacturing industries in the area also failed to gain more than the seasonally expected number of jobs in the second quarter. The seasonally adjusted employment level in these industries fell below 7 million in the second quarter of 1982 and has not yet been able to regain that level, first reached in 1979.

Pittsburgh was the only major metropolitan area in the state to have a total industry job level in the second quarter of this year lower than the level in the same quarter last year.

But not all indicators were gloomy. The seasonally adjusted level of total resident employment rose 1.6 percent last quarter, regaining the losses incurred in the first quarter of the year. At the same time, the seasonally adjusted unemployment rate fell for the fifth consecutive quarter. It stood at 11.1 percent in the second quarter, down from 11.4 percent in the first quarter and 15.4 percent in the second quarter of 1983.

In addition, the factory workweek lengthened for the seventh quarter in a row, better positioning the economy for employment growth. The seasonally adjusted workweek at 41.6 hours was the longest recorded in the area and will exert pressure on area employers to increase employment for further expansion in production.

Industrial electric power sales continued to rise after seasonal adjustment. However, last quarter's increase, which was the sixth consecutive quarterly rise, was moderated by a sharp decline in June.

Nonresidential construction in the area appears to be slowing: the value of awards dropped in the second quarter, and the cumulative total value in the first half was not quite 6 percent higher than the level in the same period last year. That is the smallest over-the-year rise among the state's metropolitan areas, with the exception of State College.

However, residential construction continued to advance with a 64 percent increase in the value of awards from the first to the second quarters and a 24 percent rise in the six-month total from last year.

State College

In contrast to other metropolitan areas of the state, Centre County's manufacturing sector is alive and well. The 2.6 percent increase in the seasonally adjusted factory job level last quarter brought it up to the pre-recession high of 8000 workers.

Although the number of nonmanufacturing jobs also rose, after seasonal adjustment it was down 1 percent from the previous quarter. This brought the seasonally adjusted total nonfarm industry job level in the area down a slight 0.2 percent from the all-time high in the first quarter of the year.

The number of area residents participating in the labor force rose in the second quarter. The new entrants were completely absorbed into the ranks of the employed. The seasonally adjusted level of total resident employment regained the losses incurred in the first quarter, rising 1.7 percent to match its highest level, first reached in the fourth quarter of last year.

The steep decline in the number of civilian labor force participants without jobs was checked last quarter as the seasonally adjusted level remained unchanged from the first quarter. However, the unemployment rate dropped another 0.1 of a percentage point to 7.8 percent. Last quarter's rate compares to a high of 12 percent in the first quarter of last year.

Sales of electricity to industries in the State College metropolitan area rose a seasonally adjusted 3.9 percent in the second quarter. This measure, which reflects short-run changes in industrial production, was at its highest level ever.

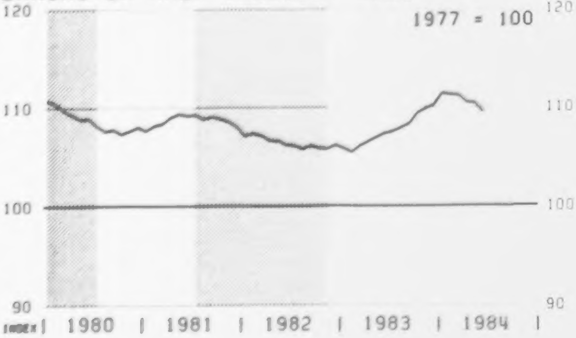
Residential building construction was still headed up. The value of housing contracts awarded last quarter was 67 percent ahead of the first-quarter level and 25 percent above the value of awards in the same quarter a year ago.

However, nonresidential building construction was on the wane, with the value of awards dropping 54 percent from the first quarter and 74 percent from the second quarter of last year.

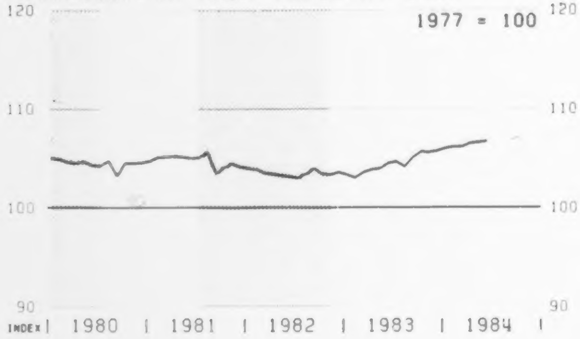
— Norma I. Gavin

Area Graphs

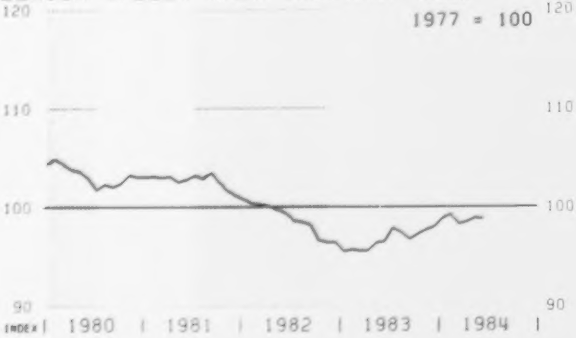
LANCASTER AREA INDUSTRY JOBS



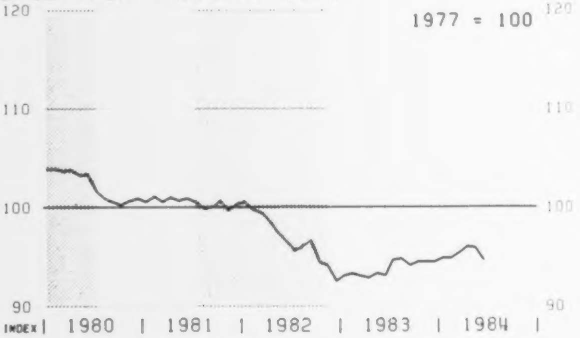
PHILADELPHIA AREA INDUSTRY JOBS



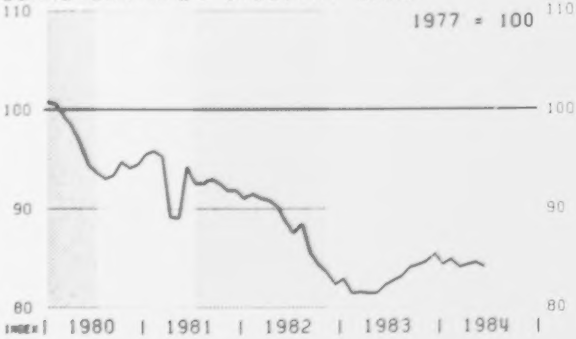
LEHIGH VALLEY AREA INDUSTRY JOBS



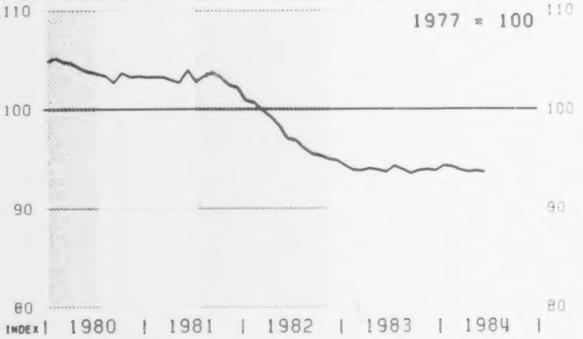
ERIE AREA INDUSTRY JOBS



JOHNSTOWN AREA INDUSTRY JOBS



PITTSBURGH AREA INDUSTRY JOBS



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Spatial Variations in Pennsylvania's Economy — *E. Willard Miller....* **see page 4**

Recovery Stalls in July

Steel Industry Still in a Slump

Economic growth in Pennsylvania was stalled during the middle of the summer, but the state's economy is primed for gains in the fall.

In July, job levels in Pennsylvania's factories and nonmanufacturing industries declined only their usual seasonal amounts. There has been no marked change in the seasonally adjusted total nonfarm industry job level since January.

The level of electric power sales to industries, an indicator of short-run changes in industrial output, was also unchanged after seasonal adjustment in July. This measure has risen 19.1 percent since the recession low in December 1982 and 5.9 percent over the year, but only 0.9 percent since January.

Furthermore, the Labor Department's monthly survey of households shows that the seasonally adjusted number of employed Pennsylvania residents declined and the number of unemployed residents seeking jobs increased in July. This caused the seasonally adjusted jobless rate for the state to leap back up to 9.9 percent — its highest rate since December 1983. But it is still far below the recession peak of 13.2 percent.

The jump in joblessness is more a statistical fluke than a sign of economic decline. Before seasonal adjustment, the department's household survey showed an increase of 16,000 workers in the state. But that was less than would normally have been expected in July, and the seasonal-adjustment process turned the rise into a 73,100 decline.

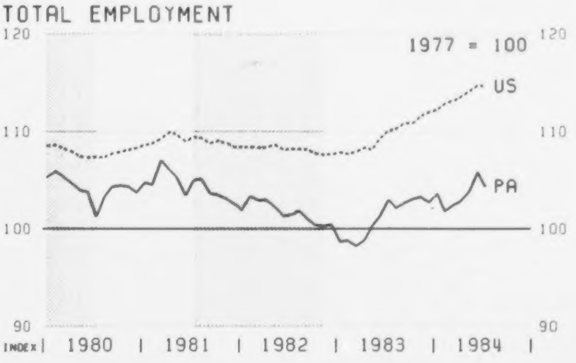
In May and June, growth in employment and the civilian labor force was well above the normal seasonal trend, causing the unemployment rate to fall to 8.6 percent in June from 9.2 percent in April. That suggests that the bulk of the summer-employment surge took place in May and June this year, rather than in June and July, as has been the case in previous years.

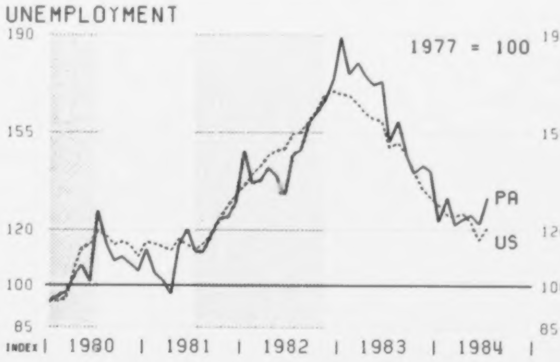
Therefore, the rise in July is, at least partly, a correction for the overstatement in June. The underlying jobless rate probably was not as low as it appeared in June nor as high as it appeared in July.

Furthermore, other indicators of the labor market remained strong in July. The average length of the factory workweek was unchanged for the fifth month in a row. The 40.2-hour workweek is historically long and should exert pressure on factory employers to increase employment for further gains in production.

The seasonally adjusted level of new claims for unemployment benefits rose 4.3 percent in July, but remained at a low level. July's small increase is a common monthly fluctuation and does not signal increasing joblessness in the months to follow.

The lackluster performance of job levels in the state in

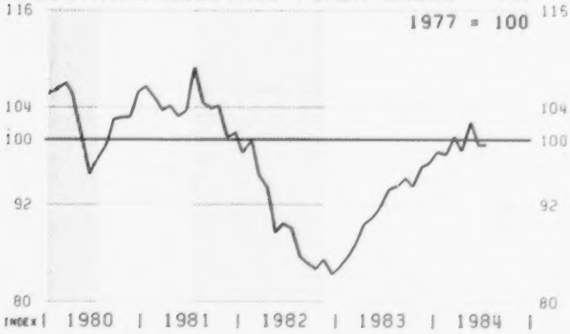




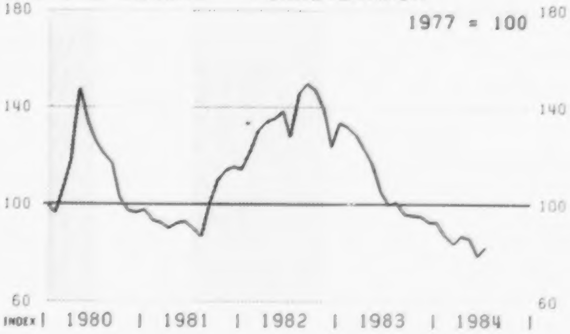
PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **September 1984**

INDUSTRIAL ELECTRIC POWER SALES - PA



INITIAL CLAIMS - PENNSYLVANIA



July was widespread across industry groups. Job levels in the three major industry groups of the goods-producing sector — manufacturing, mining and construction — changed no more than 0.1 percent.

In addition, small seasonally adjusted increases in employment in public utilities, wholesale trade, government and miscellaneous services were completely offset by more than seasonal job losses in transportation and retail trade. Thus, the total job level in the service-producing sector was unchanged from a month earlier. Nevertheless, it remained at its highest level ever and was 1.6 percent above the level of July 1983.

Economic Activity in Pennsylvania				Seasonally Adjusted Indexes		
	1984		1983	1984		1983
	June	*July*	*July*	*June*	*July*	*July*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,669.*	4,630.	4,542.	100.9*	101.0	99.1
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,529.*	3,501.	3,444.	108.1*	108.2	106.5
Manufacturing						
No. of wage and salaried jobs (thous.)	1,131.*	1,122.	1,094.	83.5*	83.6	81.5
Ave. wkly. hrs. worked by prod. workers	40.2*	40.2	39.3	101.2*	102.1	99.9
Total wkly. person-hours worked (mils.)	31.5*	31.1	29.3	80.5*	81.6	76.8
Total wkly. payroll (mil. dols.)	292.5*	290.3	263.2	128.4*	130.2	118.2
Steel production (thous. tons)	1,236.	1,104.	1,030.	58.	54.	50.
Industrial electric power sales (mil. kwh)	3,692.	3,658.	3,400.	99.	99.	94.
Mining						
Anthracite coal (thous. net tons)	370.	382.	311.	77.	82.	68.
Bituminous coal (thous. net tons)	6,436.	n.a.	5,537.#	92.	n.a.	77.#
Construction contracts awarded (mil. dols.)						
Total	805.2	642.3	528.5*	194.	167.	138.*
Residential building	293.9	262.9	210.9*	165.	157.	130.*
Other building	260.1	291.2	233.0*	201.	209.	169.*
Nonbuilding (utilities and public works)	251.2	88.2	84.6*	238.	122.	106.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,122.	5,138.	5,068.	106.1	104.8	103.4
Unemployed						
No. of persons (thous.)	518.	540.	619.	117.3	136.4	156.1
Rate (percentage of labor force)	9.2	9.5	10.9			
Rate, seasonally adjusted	8.6	9.9	11.2			
Civilian labor force, no. of persons (thous.)	5,640.	5,678.	5,687.	107.0	107.3	107.4
Initial claims for unemployment benefits	108,249.	129,681.	148,443.	78.9	82.3	99.8

Consumer Prices, all items	Urban Indexes (1967 = 100)			Percentage Change	
	1984		1983	*Month*	*Year*
	June	*July*	*July*	*Ago*	*Ago*
U.S. city average	310.7	311.7	299.3	+0.3	+4.1
Philadelphia	300.0	301.4	288.3	+0.5	+4.5
Pittsburgh	319.7	n.a.	305.4#	n.a.	+4.7
Northeast PA	n.a.	297.3	283.4	n.a.	+4.9

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.

[1] Total includes workers on strike * = figure revised # = figure for June 1983 n.a. = data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
December 1983	102.9	89.0	+0.3	0.0
January 1984	102.9	89.2	0.0	+0.2
February	104.1	89.4	+1.2	+0.2
March	103.8	89.2	−0.3	−0.2
April	103.8	89.4	0.0	+0.2
May	104.4	89.8	+0.6	+0.4
June	104.0	90.4	−0.4	+0.6
July	104.5	90.2	+0.5	−0.2

The steel industry is still in a slump. July marked the second consecutive monthly decline in the seasonally adjusted average daily production of steel for both the nation and the state.

In Pennsylvania, the average daily production of steel fell a seasonally adjusted 6.9 percent in July and 14.3 percent in June. July's production level was at its lowest since September 1983 but remained 7.3 percent above the level in July of 1983.

At the same time, total U.S. production also declined, but at a slower rate. This brought Pennsylvania's share of U.S. steel production down to 14.8 percent in July from 15.6 percent in June and a post-recession high of 18.3 percent in February.

How the industry will fare in the coming months is uncertain. It depends on such factors as President Reagan's action, due this month, on the International Trade Commission's recommendations for remedy from injurious steel imports and on the future course of interest rates.

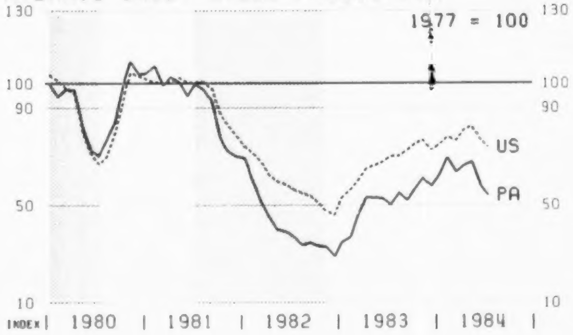
The ITC recommended that Reagan give the industry five years of trade relief by placing limits on 70 percent of imported steel products. The respite from surging imports expected with this action is intended to give the domestic industry a chance to regain its competitiveness in world markets.

Opposition to the recommendations are coming from both sides. The industry wants more products included in the restraints and quotas that go beyond what the ITC has recommended. On the other hand, economists and free-trade proponents argue that the quotas would push up prices of U.S. goods, reduce incentives for U.S. industries to become more cost-efficient, and ignite retaliatory actions from our trading partners.

Historically, trade restrictions rarely work. There are always ways of getting around them, which inevitably lead to higher prices. Studies have estimated that, with quotas, steel prices would rise by 1 to 10 percent while demand would drop. In addition, the quotas would increase steel employment but would cost a greater number of jobs in other industries.

Reagan may back a plan similar to the one recently proposed by the Commerce Department. Their plan attempts to control 90 percent of foreign steel imports with a series of formal and informal quota arrangements now in force with the European Community, Japan and Canada and new agreements with Brazil and South Korea. Other foreign steel imports would be limited through enforcements of unfair trade laws. This plan allows the President to declare that he has solved the steel industry's import problem without taking any drastic action.

AVERAGE DAILY STEEL PRODUCTION



Despite the recent declines in production, major steelmakers are on the mend from their worst slump since The Great Depression. Most posted profits in the second quarter.

Furthermore, capital spending is rising, and what is more important for Pennsylvania steel producers, it is becoming more broad based. Business spending until recently was concentrated in computers and high-technology equipment. But the nation's factories, mines and utilities continue to increase their operating rates, which averaged 82.5 percent in July — greater than the average rate prevailing in the 1967 to 1982 period. These high utilization rates put pressure on businesses to channel more funds for capacity expansion.

However, increased private-sector borrowing coupled with the $170 billion budget deficit still runs the risk of choking off the recovery by pushing interest rates higher.

The steel industry isn't the only industry group that would be seriously affected by rising interest rates. Other interest-sensitive industries, such as construction, would also be damaged. Housing starts, already hurt by high mortgage rates, declined 6.6 percent nationally in July.

In Pennsylvania, the value of awards for residential construction contracts slipped a seasonally adjusted 5 percent in July, after falling 5.9 percent in June. Nevertheless, after adjusting for inflation, the cumulative total value of awards for residential buildings in the first half of the year was 22.1 percent ahead of the value in the same period last year.

Furthermore, cumulative totals for nonresidential building awards and nonbuilding awards were ahead by 53.3 percent and 94.6 percent, respectively. These gains brought the inflation-adjusted value of all construction awards during the first half of the year to its highest level since 1978.

The July total for the state was brought down by a plunge in the highly volatile nonbuilding awards component. Nonresidential building awards advanced a seasonally adjusted 4.3 percent, contributing evidence to the pick-up in capital spending.

— *Norma I. Gavin*

Spatial Variations in Pennsylvania's Economy, 1962-1981

*by E. Willard Miller**

Since the early nineteenth century, Pennsylvania's economy has evolved from one based on primary industries — agriculture, mining, forestry and fishing — to one in which tertiary (service-producing) activities — such as trade, transportation, communications, finance and other services — are the principal employers. During much of this time, secondary industries — manufacturing and construction — were the major dynamic growth industries. But more recently, this position has shifted to tertiary industries.

Between 1962 and 1981, manufacturing employment in Pennsylvania declined from 1.40 million to 1.32 million, a decline of 5.4 percent. In contrast, employment in service-producing industries rose from 1.45 million to 2.41 million or by 65.6 percent.

While the primary industries have declined in significance as a generator of employment in essentially all counties, employment and employment growth in secondary and tertiary industries have exhibited substantial spatial variation across the state. This variation is examined below.

Counties with the greatest concentrations of employment in manufacturing industries over the past two decades are identified. Then for each of these counties, the manufactural employment growth or decline during this time is compared to the average growth rate among all the counties in the state. A similar procedure is followed for employment in service-producing industries. Counties with large concentrations of both manufactural and service-related employment with growth rates in these two industry groups larger than the state averages are considered the leading growth counties in the state.

Manufactural Employment

In 1962, manufactural employment in Pennsylvania's 67 counties averaged 20,847 workers and was concentrated in a small number of counties. Seventeen counties had employment levels above the county mean, with a high of 291,954 workers in Philadelphia County, while 50 counties had levels below the mean, with a low of 126 workers in Pike County.

Two major and two minor concentrations of manufactural employment are identifiable. The largest concentration is an 11-county region in southeastern Pennsylvania, centering on Philadelphia. The second major concentration is a three-county cluster in southwestern Pennsylvania, centering on Allegheny County in the Pittsburgh metropolitan area. The two minor concentrations are Luzerne and Lackawanna Counties in northeastern Pennsylvania and Erie County in the northwestern corner of the state.

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Employment in Manufacturing Industries Among Major Employer Counties[1] in Pennsylvania

County	Average Monthly Employment Level 1962	Average Monthly Employment Level 1981	Expected[2] Average Monthly Employment Level 1981	Comparative Change in Employment 1962 to 1981
Southeast				
Philadelphia	291,954	137,821	276,130	−138,309
Montgomery	71,282	99,898	67,418	+32,480
Berks	51,579	53,142	48,783	+4,359
Delaware	49,777	42,509	47,079	−4,570
Lancaster	46,640	60,858	44,112	+16,746
Northhampton	45,139	37,826	42,692	−4,886
York	39,952	60,518	37,786	+22,732
Lehigh	37,345	48,449	35,320	+13,129
Bucks	30,761	50,651	29,093	+21,558
Chester	26,736	36,439	25,286	+11,153
Dauphin	22,798	25,883	21,562	+4,321
Southwest				
Allegheny	181,843	155,512	171,987	−16,475
Beaver	43,828	35,432	41,456	−6,024
Westmoreland	40,423	38,779	38,232	+547
Northeast				
Luzerne	41,001	37,256	38,778	−1,522
Lackawanna	29,994	26,521	28,368	−1,847
Northwest				
Erie	34,884	41,294	32,993	+8,301

[1] Counties with employment levels in manufacturing industries above the county mean for the state in 1962, when it was 20,847 employees, and in 1981, when it was 19,718 employees

[2] The level of manufactural employment in a county if it had declined at the same rate as the state between 1962 and 1981, i.e., a decline of 5.41 percent

In 1981, the same 17 counties remained above the employment mean, but the mean had declined to 19,718 workers. Furthermore, the rankings of the counties changed, with Allegheny County replacing Philadelphia County as the leading manufactural employer.

Employment in the state's manufacturing industries in 1981 was 94.6 percent of the 1962 level. Of the 17 counties with employment greater than the state mean in 1962 and 1981, seven — Philadelphia, Allegheny, Beaver, Delaware, Northampton, Luzerne and Lackawanna — experienced comparative declines in manufactural employment. That is, employment levels in 1981 were less than 94.6 percent of their 1962 levels. In contrast, 10 counties — Montgomery, Berks, Lancaster, Westmoreland, Lehigh, York, Erie, Bucks, Chester and Dauphin — experienced comparative gains, with employment levels greater than 94.6 percent of their 1962 levels.

Philadelphia County experienced the largest comparative decline of 138,309 employees, and an absolute decline of 154,333. All major manufacturing industry groups experienced a decline in employment in the county. The relative decline was as great in the high value-added industries of machinery and electronics and electrical equipment as in the low value-added industries, such as textiles. Thus, there was a general economic environment of decline in manufacturing. The decline was caused by many factors, including old and antiquated plants for which renovation is too costly, lack of space for new plants, migration of skilled labor to the suburbs, the high cost of land within the city, a high crime rate in the industrial districts, transportation congestion because of an antiquated road system, and lack of modern amenities.

For the six other major employer counties that experienced comparative declines in manufactural employment, losses were concentrated in one or two industries. For Allegheny, Beaver and Northampton Counties, the declines were due to employment losses in the primary metal and fabricated metal industries. In Delaware County, the decline was centered in the chemical and the textile and apparel industries, and in Luzerne and Lackawanna Counties, losses in the apparel industries were the most significant.

The decline of primary metal, fabricated metal, textiles and apparel industries — traditional nineteenth century industries in Pennsylvania — may be explained by the product-cycle theory. According to this theory, as an economy matures, it produces fewer basic goods, such as steel and textiles, and increases its output of higher value-added commodities, such as electronic equipment, machinery and computers. However, these newer industries rarely locate in the areas where the older industries are declining. Instead, they seek new lower cost centers of production. Consequently, the counties with the traditional industries are burdened with declining economies.

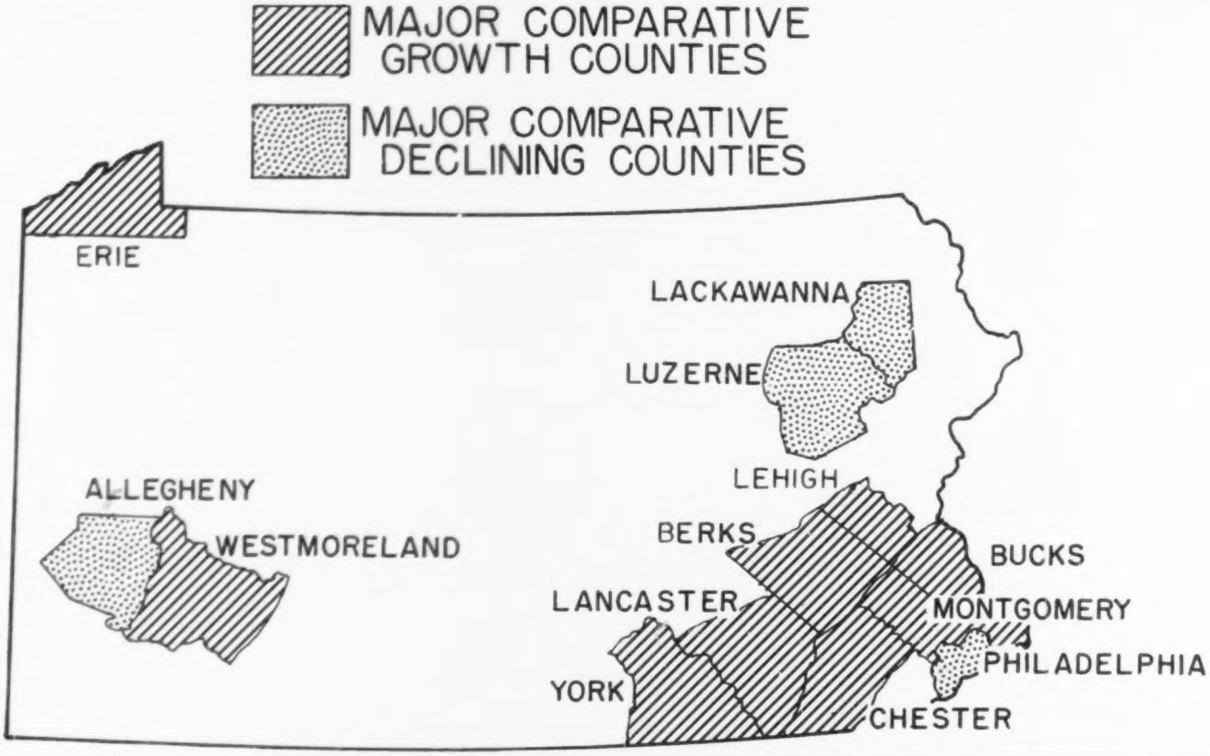
Eight of the 10 major comparative manufactural growth counties are concentrated in southeastern Pennsylvania. The two outliers are Erie and Westmoreland Counties. These 10 counties were not important manufacturing areas in the nineteenth and early twentieth centuries. Their growth began in the past 60 years and has occurred most rapidly in the past 30 years.

Employment in Service-producing Industries Among Major Employer Counties[1] in Pennsylvania

County	Average Monthly Employment Level 1962	Average Monthly Employment Level 1981	Expected[2] Average Monthly Employment Level 1981	Comparative Change in Employment 1962 to 1981
Southeast				
Philadelphia	412,770	450,856	683,670	-232,814
Montgomery	72,233	198,175	119,639	+78,536
Delaware	53,901	109,380	89,276	+20,104
Dauphin	41,812	65,623	69,253	-3,630
Lehigh	33,939	66,029	56,213	+9,816
Berks	33,645	62,613	55,726	+6,887
Lancaster	32,168	70,570	53,279	+17,291
Chester	27,487	62,722	45,526	+17,196
York	26,743	55,907	44,294	+11,613
Bucks	22,336	88,468	36,995	+51,473
Cumberland	11,741	45,986	19,446	+26,540
Southwest				
Allegheny	254,931	399,807	422,242	-22,435
Westmoreland	29,977	57,162	49,650	+7,512
Northeast				
Luzerne	34,693	55,325	57,462	-2,137
Lackawanna	28,128	45,250	46,588	-1,338
Northwest				
Erie	26,343	51,868	43,631	+8,237

[1] Counties with employment levels in service-producing industries above the county mean for the state in 1962, when it was 21,597 employees, and in 1981, when it was 35,773 employees.

[2] The level of tertiary employment in a county if it had grown at the same rate as the state between 1962 and 1981, i.e., a gain of 65.63 percent.



Thus, they have different industrial structures than the counties with comparative declines in manufactural employment. Primary metals, textiles, apparel, food processing, leather products and furniture are of limited importance in the industrial structures of these counties. Machinery, electrical machinery, transportation equipment and instruments are their major growth industries. No single industry dominates in these areas.

A series of factors have encouraged their growth, including the migration of skilled labor to suburban areas; the availability of relatively low cost land for industrial plants and employee parking; the development of a modern transportation network for rapid movement of raw materials and finished products; the proliferation of amenities, such as recreation areas, which provide a gracious living environment; and finally, proximity to one of the world's greatest market regions.

Service-related Employment

Employment in each of the major tertiary activities grew in Pennsylvania between 1962 and 1981. Employment in transportation, communications and other public utilities grew by 17.2 percent; in wholesale trade, there was a rise of 24.5 percent; in retail trade, a growth of 46.8 percent; in finance, insurance, real estate and banking, a growth of 67.1 percent; and in the miscellaneous service industries, the largest growth was experienced, with a rise in employment from 423,546 to 963,005, an increase of 127.3 percent. Among these service activities, the employment increase in health services was the largest.

In 1962, the county mean employment level in service-producing industries in Pennsylvania was 21,597 workers. Fifteen counties were above the mean, and 52 counties were below it.

Employment in these industries was concentrated in the same clusters as manufactural employment. Of the counties with greater than average manufactural employment, only Northampton County in the northeast and Beaver County in the southwest had smaller than average employment levels in tertiary industries. The 15 counties with greater than average tertiary industry employment accounted for 78 percent of all Pennsylvanians employed in these industries.

In 1981, the spatial pattern of employment in service-producing industries remained essentially unchanged, with the same 15 counties plus Cumberland County near Harrisburg having employment levels greater than the county average in the state. However, there were significant growth differentials within the counties above the mean: five experienced a comparative decline and 11 a comparative growth.

Philadelphia County, with a comparative decline of 232,814 employees in service-producing industries, had more than 83 percent of the total comparative decline of the state. If the county had grown at the average rate for the state, employment growth in these industries would have increased from 412,770 to 683,670; instead, it was only 450,856.

Allegheny County experienced a significant comparative decline of 22,435 employees, or 8 percent

Continued on page 8.

Personal Income Gain Improves Economic Well-being

Nation Continues to Outperform State

Personal income increased sharply in both the nation and the state in the first quarter while consumer prices rose only modestly, according to the U.S. Commerce Department's Bureau of Economic Analysis. This translates into a real gain in purchasing power and thus an improvement in economic well-being.

Total personal income increased 2.1 percent in Pennsylvania in the first quarter, compared to 3.0 percent in the nation. Nonfarm personal income increased 1.9 percent in the state, 0.5 of a percentage point less than in the nation. Pennsylvania ranked 45th among all states in its quarterly increase in both total and nonfarm personal income.

Personal income is current income received by persons from all sources — that is, from participation in production, from government and business transfer payments, and from government interest, which is treated like a transfer payment.

Nonfarm income is total personal income less farm labor and proprietors' income. Because farm income is subject to erratic changes, it is often preferable to use nonfarm personal income rather than total personal income to compare current economic developments among the states.

Consumer prices, as measured by the implicit price deflator for personal consumption expenditures, increased only 0.9 percent at a quarterly rate. Therefore, real (inflation-adjusted) personal income made significant gains.

Wage and salary disbursements increased 1.7 percent in Pennsylvania in the first quarter. Payrolls declined in construction and state and local government, and payroll increases in nondurables manufacturing and private service-type industries were well below the national average.

Total labor and proprietors' income increased in all major nongovernment industry groups, both from a quarter ago and from the same quarter a year earlier. However, except for mining and nondurables manufacturing, the percentage increases were higher in the nation than in the state.

Dividends, interest and rent increased at the same pace in the nation and the state while transfer payments in Pennsylvania increased at a much lower rate than in the nation. The lower percentage increase in the state's transfer payments was due to a larger decline in unemployment insurance disbursements.

— *Norma I. Gavin*

Personal Income by Major Source, Seasonally Adjusted at Annual Rates — Pennsylvania and the United States

	Pennsylvania			United States		
	1984 I (*mil. dols.*)	Percentage Change *Quarter Ago*	Percentage Change *Year Ago*	1984 I (*mil. dols.*)	Percentage Change *Quarter Ago*	Percentage Change *Year Ago*
Labor and proprietors income by place of work	100,023	2.3	9.6	2,099,071	3.5	11.4
By type						
Wage and salary disbursements	83,301	1.7	8.4	1,749,488	2.3	9.0
Other labor income	10,258	3.1	14.3	188,839	3.4	15.0
Proprietors income	6,463	10.3	19.6	160,744	18.8	37.9
By industry						
Farm	910	50.4	0.7	53,212	55.5	70.5
Nonfarm	99,113	2.0	9.7	2,045,859	2.6	10.4
Private	85,435	2.3	10.3	1,701,198	2.7	11.2
Ag. serv., for., fish., and other	246	4.7	8.8	9,073	5.2	10.1
Mining	1,613	0.5	20.8	39,072	1.5	12.5
Construction	4,947	0.2	7.4	112,992	3.5	13.3
Manufacturing	30,064	3.5	12.7	507,168	3.5	13.1
Nondurable goods	10,792	1.9	10.0	184,552	2.1	9.0
Durable goods	19,271	4.4	14.2	322,615	4.3	15.6
Transportation and public utilities	7,419	0.7	4.6	156,529	1.1	6.2
Wholesale trade	6,112	2.0	8.6	141,043	2.6	10.2
Retail trade	8,867	1.4	7.5	195,694	1.9	8.7
Finance, insurance, and real estate	5,623	3.4	7.6	134,348	2.8	10.0
Services	20,544	2.1	11.5	405,280	2.5	12.0
Government	13,678	0.3	6.4	344,661	2.1	6.5
Federal, civilian	3,379	1.3	2.5	76,358	2.1	3.9
Federal, military	512	6.9	1.8	35,087	3.9	4.4
State and local	9,788	-0.4	8.1	233,217	1.9	7.7
Total personal income	144,035	2.1	8.0	2,909,967	3.0	9.9
Nonfarm personal income	143,126	1.9	8.1	2,856,755	2.4	9.2
Net labor and proprietors income[1]	92,934	2.2	9.6	1,970,351	3.4	11.4
Dividends, interest and rent	25,636	3.5	9.9	527,806	3.5	9.9
Transfer payments	25,465	0.4	0.9	411,810	0.9	3.3

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, October 1983.

[1] Total earnings by place of work less personal contributions for social insurance and plus an adjustment for residence.

Continued from page 6.

of the total state comparative decline. The comparative declines in the three other counties — Dauphin, Luzerne and Lackawanna — were small.

Among the 11 counties with comparative gains, nine are contiguous counties in southeastern Pennsylvania. These nine counties account for 91 percent of the state's comparative growth in service-producing industries. Montgomery County had the largest comparative growth in the state at 78,536 workers. Two isolated counties in western Pennsylvania — Erie and Westmoreland Counties — also experienced a comparative growth in the tertiary activities.

Economic Potential

Seventeen major employer counties — those that have employment above the Pennsylvania mean in either the manufacturing or service-producing industry groups or both in 1962 and 1981 — were identified. Of these, nine have experienced comparative gains in both industry categories. Seven of the nine are contiguous counties in southeastern Pennsylvania and two are isolated counties in western Pennsylvania. These counties have developed their economies in the twentieth century and reflect the rise of service industries in areas with an expanding manufacturing economy. They are the counties with the greatest potential for the largest employment growth based on recent trends in both manufacturing and service-related activities.

In contrast, four major employer counties have exhibited comparative declines in both manufacturing and service-producing industries. Of these counties, Philadelphia and Allegheny Counties have experienced the greatest comparative losses. Manufactural employment in each of these counties had an absolute, as well as a comparative, decline.

With a depressed manufactural economy, the tertiary activities are weakened. The buying power of the population is reduced so that wholesale and retail trade suffers; demands on the financial institutions and real estate are reduced; funds for maintenance and new construction of highways is lowered; and, finally, the funds for human services are lessened.

Luzerne and Lackawanna Counties also experienced comparative declines in manufacturing and tertiary activities, but the declines were much smaller. Their inability to maintain growth at the state level illustrates the difficulties of changing from a mining economy to one based on secondary and tertiary activities.

Thus, a great diversity in employment growth trends exist among Pennsylvania's counties, with major regions of growth and decline frequently adjacent to each other. Pennsylvania reflects the difficulties of a long evolving economy to maintain an evenly distributed strong growth economy.

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State's Economy Slows at Summer's End

The Pennsylvania economy ended the summer on a downbeat. The composite index of coincidental indicators for the state dropped 1.1 percent in August, after falling 0.7 percent in July. Furthermore, total resident employment, steel production and contract construction awards fell below levels for the same month a year earlier.

The seasonally adjusted level of total resident employment fell 2.4 percent in August. This decline, coupled with the 1.4 percent drop in July, totally canceled out gains in the previous 12 months.

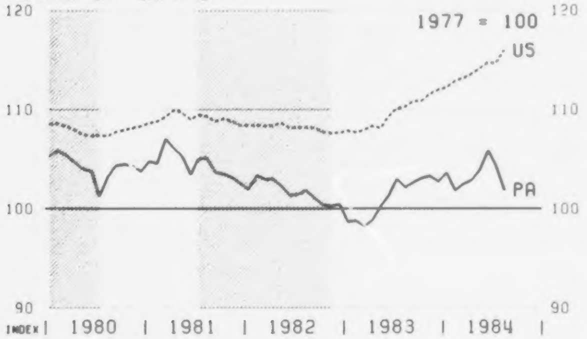
Nationally, total resident employment measured from the household survey also fell from July to August, with virtually all of the drop occurring among youth under the age of 25. The disproportionally large drop in August is attributed to a later than usual survey reference week, during which many young people had already left summer jobs to return to school for the fall term.

Because too few households in the state are surveyed in any given month to produce reliable monthly estimates of employment by age group, comparable figures for Pennsylvania are not available. However, the departure of students from the labor force undoubtedly explains much of the August drop in the employment of Pennsylvania residents also. The total civilian labor force in the state fell a seasonally adjusted 1.5 percent that month.

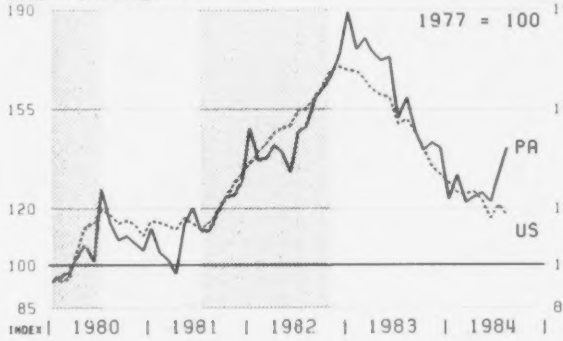
Despite the drop in the household survey's measure of employment, the total job level from the survey of Pennsylvania's nonagricultural establishments was little changed. Declines in the seasonally adjusted number of jobs in the state's factories, mines and retail establishments were offset by increases in other sectors. In addition, the finance, insurance and real estate industry group, the miscellaneous services industry group, and public utilities registered record high employment levels in August.

Contrasting movements in the two major employment series often occur because of the different sampling frames of the surveys from which they are derived. The sample of households in the household survey is selected to reflect the entire civilian, noninstitutionalized

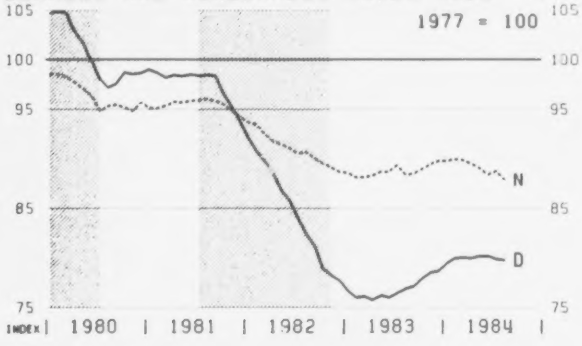
TOTAL EMPLOYMENT



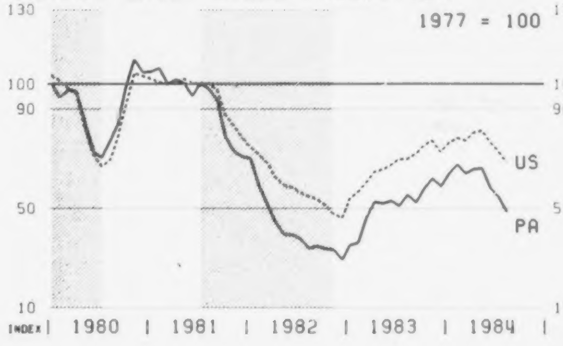
UNEMPLOYMENT



DURABLE AND NONDURABLE GOODS JOBS - PA



AVERAGE DAILY STEEL PRODUCTION



PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **October 1984**

Economic Activity in Pennsylvania	1984 July	1984 Aug.	1983 Aug.	Seasonally Adjusted Indexes 1984 July	Seasonally Adjusted Indexes 1984 Aug.	Seasonally Adjusted Indexes 1983 Aug.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,632.*	4,634.	4,546.	101.0*	101.1	98.8
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,507.*	3,507.	3,424.	108.4*	108.6	106.0
Manufacturing						
No. of wage and salaried jobs (thous.)	1,118.*	1,122.	1,101.	79.9*	79.8	76.9
Ave. wkly. hrs. worked by prod. workers	40.1*	39.8	39.4	101.7*	100.9	99.9
Total wkly. person-hours worked (mils.)	30.8*	30.8	29.6	81.0*	79.8	76.9
Total wkly. payroll (mil. dols.)	287.6*	286.7	265.2	129.2*	127.4	117.9
Steel production (thous. tons)	1,104.	952.	1,088.	55.	48.	55.
Industrial electric power sales (mil. kwh)	3,658.	3,683.	3,520.	99.	100.	94.
Mining						
Anthracite coal (thous. net tons)	382.	458.	402.	83.	79.	70.
Bituminous coal (thous. net tons)	5,143.	n.a.	3,618.†	96.	n.a.	70.†
Construction contracts awarded (mil. dols.)						
Total	642.3	529.9	546.4*	167.	139.	151.*
Residential building	262.9	257.2	248.3*	157.	133.	135.*
Other building	291.2	164.4	173.0*	209.	144.	152.*
Nonbuilding (utilities and public works)	88.2	108.2	125.1*	122.	142.	180.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,138.	5,045.	5,051.	104.3	101.9	102.2
Unemployed						
No. of persons (thous.)	540.	538.	612.	131.8	141.2	159.1
Rate (percentage of labor force)	9.5	9.6	10.8			
Rate, seasonally adjusted	9.9	10.4	11.6			
Civilian labor force, no. of persons (thous.)	5,678.	5,583.	5,663.	106.5	104.9	106.5
Initial claims for unemployment benefits	129,681.	104,100.	128,055.	84.1	85.3	100.9

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 July	Urban Indexes (1967 = 100) 1984 Aug.	Urban Indexes (1967 = 100) 1983 Aug.	Percentage Change Month Ago	Percentage Change Year Ago
U.S. city average	311.7	313.0	300.3	+0.4	+4.2
Philadelphia	301.4	302.9	289.9	+0.5	+4.5
Pittsburgh	n.a.	319.1	310.2	n.a.	+2.9
Northeast PA	297.3	n.a.	283.4†	n.a.	+4.9

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for July 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

population 16 years of age and older while the establishment survey counts wage and salary employees whose names appear on payroll records of nonagricultural firms. Thus, the establishment survey excludes agricultural workers, the self-employed, unpaid family workers and private household workers, who are included in the household survey. Furthermore, the establishment survey is not limited to those 16 years of age and older, and employees working on more than one payroll may be counted twice in the establishment survey while there is no duplication of individuals in the household survey.

Pennsylvania's factory job level actually rose in August by 900 durable goods jobs and 3,300 nondurable goods jobs. But these gains were less than is typical from July to August, and therefore the seasonally adjusted job levels declined. The August drop in nondurable goods factories was the fifth in six months. Although these small declines in nondurable goods employment do not compare to the steep drops in durable goods employment during the recession, they do indicate a continued weakness.

The women's and misses' outerwear industry group has been particularly weak with a loss of 5,400 workers, 10.3 percent of the industry's workforce, since last February. Furthermore, average employment levels so far this year are below last year's average in the food and kindred products, the chemicals and allied products, the petroleum and coal products, and the leather and leather products industry groups.

The 0.4 percent drop in employment in primary metals industries, accompanied by a shortening of the average length of the workweek in primary metals factories from 40.6 hours to 38.9 hours, reflects the third consecutive monthly decline in the average daily production of steel. The state's seasonally adjusted production level fell 11.2 percent in August, 5.7 percent in July and 12.3 percent in June. In August, it was at its lowest level since March 1983.

Continued on back page.

Employment Conditions Improve in Second Quarter

But Race and Sex Differentials Persist

Although now clouded by increases in joblessness in July and August, data recently released by the Bureau of Labor Statistics show improved conditions for all major demographic groups in Pennsylvania during the April-June 1984 quarter, with whites and males registering the greatest progress.

The number of employed Pennsylvanians increased 178,000 or 3.7 percent during the second quarter, which is 75,000 or 1.5 percent more than the usual seasonal rise. At the same time, the seasonally adjusted number of unemployed Pennsylvanians rose 4,000 or 0.8 percent, but the unemployment rate was unchanged at 9 percent of the civilian labor force.

In the first two months of the third quarter, total employment in the state grew another 122,500, but seasonal adjustment turned the increase into a decline of more than 50,000 or 1.1 percent. This decline and an accompanying increase in the number of unemployed Pennsylvanians brought the seasonally adjusted unemployment rate back to an average 10.2 percent for the two-month period.

The jobless rate among males fell to 8.8 percent in the second quarter from 11.3 percent in the first quarter. Second quarter marked the first time since the fourth quarter of 1981 that the rate for males was lower than the rate for females.

Unemployment among females rose to 9.3 percent from 8.7 percent. However, the increase was not due to a decline in total female employment, which rose 1.8 percent, but rather to a 2.2 percent increase in the number of women participating in the labor force. The percentage of Pennsylvania's female population aged 16 years or more participating in the labor force rose to 47.8 percent in the second quarter from 46.6 percent a quarter earlier and 46.9 percent in the second quarter of 1983.

Total employment among males rose 5.1 percent as their participation rate rose to 72.2 percent from 70.7 percent in the first quarter but remained below the 73.9 percent rate prevailing a year earlier.

Among the state's major demographic groups, only blacks experienced a drop in employment over the quarter. There were 9,000 fewer blacks at work last quarter than in the first quarter, a decrease of 3 percent. Because of a corresponding 3.1 percent fall in the number of labor force participants, the black unemployment rate fell to 21.4 percent — significantly lower than the 25.4 percent rate a year earlier.

As expected at the end of the school year, employment among 16-19 year olds rose sharply, up 70,000 or 26.2 percent. At the same time, the teen unemployment rate dropped to 19.4 percent. Second quarter was the first time since third quarter 1981 that this rate was below 20 percent.

Nationally, blacks fared much better, with a 3.6 percent employment increase over the quarter and an over-the-year increase of 8.4 percent. The national unemployment rate for blacks averaged 16.1 percent during the second quarter compared to 21.4 percent in the state.

The U.S. jobless rates were somewhat less than in the state for all demographic groups, except teenagers, whose rates were the same at both the state and national levels. In addition, labor force participation rates in the nation were generally higher than in Pennsylvania. However, the range of participation was approximately the same, with the rate among men highest and that among women lowest.

— *Norma I. Gavin*

Employment Data by Sex and Race and for Teenagers -- Pennsylvania and the United States

	Number Employed	Percentage Change in Employment		Labor Force Unemployment Rates			Participation Rates		
	1984 II (in thousands)	Over Quarter	Over Year	1984 II	1984 I	1983 II	1984 II	1984 I	1983 II
Pennsylvania									
Total, seasonally adjusted	4,999	1.5	—	9.0	9.0	12.6	59.7	58.8	59.9
Total, unadjusted	4,969	3.7	4.3	9.0	10.2	12.7	59.3	58.0	59.6
Male	2,862	5.1	5.1	8.8	11.3	14.4	72.2	70.7	73.9
Female	2,107	1.8	3.2	9.3	8.7	10.2	47.8	46.6	46.9
White	4,629	3.9	4.2	8.1	9.3	11.7	59.8	58.7	59.8
Black	295	−3.0	1.7	21.4	21.7	25.4	52.4	50.2	56.7
16-19 years old	337	26.2	4.3	19.4	21.8	24.0	51.7	44.6	51.7
United States									
Total, seasonally adjusted	105,146	1.4	—	7.5	7.9	10.1	64.5	64.1	64.0
Total, unadjusted	105,179	3.1	5.1	7.4	8.4	10.0	64.5	63.4	63.9
Male	59,257	3.6	4.8	7.3	8.9	10.4	76.6	75.3	76.6
Female	45,921	2.5	5.5	7.5	7.9	9.5	53.6	52.7	52.5
White	92,434	2.9	4.7	6.4	7.4	8.7	64.8	63.8	64.2
Black	10,020	3.6	8.4	16.1	16.7	20.6	61.9	60.4	61.7
16-19 years old	6,599	15.0	4.0	19.4	20.6	23.9	55.4	48.4	54.4

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
January 1984	103.0	89.2	0.0	0.1
February	104.2	89.4	1.2	0.2
March	103.9	89.2	−0.3	−0.2
April	103.9	89.4	0.0	0.2
May	104.4	89.7	0.5	0.3
June	104.1	90.2	−0.3	0.6
July	104.4	89.6	0.3	−0.7
August	103.3	88.6	−1.1	−1.1

Continued from page 2.

Nationally, the average daily production of steel also fell for the third month in a row, but the percentage decline was lower than the state's in each of these months. Thus, Pennsylvania's share of total national production dropped to 13.8 percent in August from 17.2 percent in May.

Because coal users had been stockpiling coal in anticipation of a strike by the United Mine Workers, the drop in steel production has not fully impacted on the levels of coal mined in the state. However, despite the raitification of a labor contract by 105,000 members of the Bituminous Coal Operators Association, which represents the industry's first peaceful settlement of a major contract in 18 years, production and employment in Pennsylvania mines will surely decline in the following months. Coal users' stockpiles are well above normal levels, and it will take months before these inventories are reduced.

Construction activity in Pennsylvania will also be slowing. August marked the first month this year in which the value of contract awards for future constuction was below the value for the same month last year. The cumulative value of awards for this year remains 34.6 percent ahead of last year's eight-month total, but this lead will probably decline by year's end.

Housing construction usually slows first. The seasonally adjusted value of residential building awards in Pennsylvania registered its third consecutive decline in August.

This measure contributed to the 1.1 percent decline in the Pennsylvania composite index of leading indicators. The other two components of the index — average weekly hours worked by production workers in the state's manufacturing industries and new claims for unemployment compensation — also contributed to the decline.

However, it is too early to interpret the negative showing of this index as a sign of anything but a slowing in the rate of economic growth. Five declines in a six-month period typically indicate a turning point in the upward direction of the economy. Besides the decline in August, the Pennsylvania leading indicator index has only declined a small 0.3 percent in March and in June.

— *Norma I. Gavin*

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